

WORLD NEWS
Indian army takes town near Jaffna

The Sri Lankan town of Urumpirai, five miles from Jaffna, fell to Indian troops yesterday.

Some of the fiercest fighting of the week's battles between Indian soldiers and Tamil Tiger guerrillas in the north of Sri Lanka was seen in the struggle for the town, in which 111 guerrillas were reported dead.

There was no report of the whereabouts of Tamil Tiger leader Velupillai Prabhakaran, earlier thought to have been in Urumpirai. Back Page

"Sankara shot dead"

Ousted Burkina Faso President Thomas Sankara and 12 other officials, and up to 100 other people, were reported to have been shot dead in Thursday's coup. Back Page 2

Threat to Aquino

Rebel soldiers who almost overthrew Philippines President Corazon Aquino in August are plotting to kill her, her press secretary said.

King in crisis talks

King Baudouin of Belgium will today hold talks with political leaders on the country's constitutional crisis. Page 2

Mortgage fraud arrests

Seven people were arrested by Fraud Squad detectives investigating an alleged £2m mortgage fraud in Newport, Gwent.

Pornography cards plan

The Government is to make possession of child pornography an offence, said Home Secretary Douglas Hurd. Page 4

No survivors from crash

Rescuers reached the wreckage of an Italian airliner which crashed in mountains in the north, but said all 37 people on board had been killed.

Greece vote delayed

Greece postponed for 24 hours the final vote to choose a new director-general. The contest is between incumbent Andonis Makris of Greece and Federico Mayor of Spain.

Hospital for Nancy Reagan
President Reagan's wife Nancy is to undergo hospital tests for breast cancer today.

Bust for "Border Fox"

Irish police believe a renegade republican group led by a gunman called "the Border Fox" may be behind the kidnapping of a Dublin dentist. Page 2

21 killed in factory blaze

Twenty-one workers were burned to death when a Jakarta T-shirt factory caught fire.

Pakistan scrape home

Pakistan, 217 for nine, beat West Indies, 216, off the last ball to win their World Cup cricket match in Lahore.

With thanks

Swedish motorist Lemnart Frostby was fined \$20 by police for going through a stop sign while helping them chase a suspected thief.

Britain's biggest ever share offering begins next Tuesday

With the publication of the prospectus for the £7.2bn British Petroleum issue.

On Monday, the Financial Times will publish a three-page special report on the offer aimed particularly at helping the small investor understand how it works.

MARKETS**DOLLAR**

New York lunchtime:
DM 1.9025
FF 6.0155
SF 1.9385
Y142.75
London:
DM 1.8010 (1.9005)
FF 6.0150 (6.01)
SF 1.9385 (1.9385)
Y142.75 (1.41)
Tokyo close Y142.35

US LUNCHTIME RATES

Fed Funds 7.25%
3-month Treasury Bills:
yield 7.25%
Long Bond: 7.74%
yield: 10.15%

GOLD

New York Comex Dec latent:
\$471.4
London: \$465.25 (465)

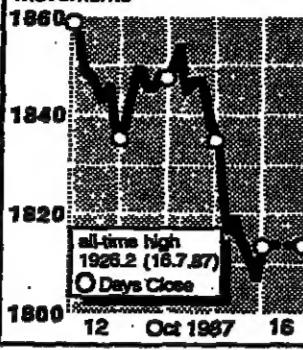
**BUSINESS SUMMARY****Wall Street share falls continue**

New York financial markets went through another feverish day of intense trading yesterday. After rising by about 10 points in early trading in the Dow Jones industrial average fell by almost 90 points before staging a partial recovery in mid-afternoon when it stood 80 points at 2,205. Back Page.

Because of the London storm, prices contained in the FT London Share Service have been updated on the basis of market makers' indicative prices. In

FT Index

Ordinary Share, hourly movements



the absence of official bid and offer values, no calculations were possible for any of the prime UK indices and all those in this edition reflect Thursday's closing prices. Unit trusts have been valued as far as possible and some currency and money market rates are nominal or were not available.

None of the FT Stock Market Indices were calculated but an official estimate at some broking firms suggested an early fall of about 30 FT-SE 100 Index points as London reacted to another huge fall in the Dow Industrial Average overnight.

Emergency meetings of ministers from 10 departments in Whitehall yesterday afternoon. The meeting discussed, but rejected, the possibility of calling a state of emergency.

Mr Douglas Hurd, the Home Secretary, chaired an hour-long

meeting of ministers from 10 departments in Whitehall yesterday afternoon. The meeting discussed, but rejected, the possibility of calling a state of emergency.

Mr Hurd said it was too early to say whether the Government would provide cash to help local authorities in the wake of

the winds caused chaos throughout the south. Most of the region was plunged into darkness in the early morning when the electricity system

failed in the biggest power shutdown for many years. Some industries had back-up generators and materials power supplies for computer and refrigeration systems but other companies had to cope as best they could with the aftermath of the power failure.

The telephone system also suffered. Many exchanges became congested as emergency calls flooded in. Those at Sevenoaks, Kent, and Hastings, Sussex, were out of action for part of the day. Lines to railway stations and airports were swamped.

Some companies suffered when their telephone systems became inundated with incoming calls. The Norwich Union insurance company said its system was under strain because of the exceptionally large number of inquiries about insurance claims and calls from staff stranded at home.

Hundreds of thousands of people were unable to travel to work in the morning. Roads throughout the south were blocked by fallen trees, scaffolding, and debris from damaged buildings. The railway network came to a standstill, as did the channel ports. Both Heathrow and Gatwick airports suffered prolonged delays throughout the day.

Shortage of staff was the chief difficulty faced by many businesses. Banks, shops and supermarkets failed to open in the south because so few employees

could get to work. Many people arrived later than usual in factories and offices and by 10.30am traffic was backed up to 10 miles.

In Wincanton, about three-quarters of the staff had arrived by noon. Employees were allowed to leave in mid-afternoon following concern about damage to their homes.

Absenteeism also hindered the efforts of British Rail and British Telecom to restore services. Teams of workers cleared away trees and railway lines, only to find there were not enough available to crew the trains. Similarly, attempts to repair the telephone network were hampered by the shortage of telephone operators and engineers.

The City of London was virtually inaccessible in the early part of the day. Buses set off from garages in the morning but were recalled because of the dangerous road conditions.

Parts of the Underground operated a skeleton train service but many lines were closed.

Roads were impassable throughout the City because of fallen scaffolding and masonry. A vagrant died when bricks fell on him as he slept by a wall in Lincoln's Inn Fields. The London Fire Brigade received a record 6,000 calls within 24 hours.

The Channel Islands experienced the worst conditions in Guernsey, hurricane-force gales

Continued on Back Page

Details, Page 4

Freak storms kill 13 and severely cripple industry

BY RALPH ATKINS, ALICE RAWSTHORN AND TOM LYNCH

what he called "the worst and most widespread night of disaster in south-east England since the war".

He said he had briefed Mrs Margaret Thatcher, the Prime Minister, who is in Vancouver for the Commonwealth conference, on the effects of the storm. She expressed sympathy for the families of those killed and praised the response by the emergency services.

The scale of the storm caught many by surprise. The Meteorological Office detected a depression developing in the Bay of Biscay during Thursday afternoon. However, it underestimated the depth of the depression and failed to plot its course with sufficient accuracy.

The Met Office expected the centre of the depression to remain over sea. In fact it took a more northerly course and, in the early hours of yesterday morning, hurricane-force winds whipped across southern England, the south-east and East Anglia.

The worst affected area was the southern corner of the country stretching from Southampton to Oxford and across to the East Anglian coast. The south-west of England was also affected, as were parts of northern Spain and northern France.

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Continued on Back Page

Details, Page 4

US condemns Gulf tanker attack

BY ANDREW GOWERS, MIDDLE EAST EDITOR

THE US YESTERDAY said an Iranian missile attack on a US flag ship in Kuwaiti territorial waters was "an outrageous act of aggression". The strike yesterday morning on the reflagged Kuwait oil products tanker Sea Isle City, injured 18 crewmen. The Sea Isle City, injured 18 crewmen. The

Iranian spokesman said it was convened to meet his National Security Planning Group, comprising cabinet advisers and military chiefs of staff to discuss the US response.

It was the second Iranian attack on a tanker in Kuwaiti waters in two days and the first on a ship flying the Stars and Stripes.

Western diplomats in the Gulf considered the attack a direct Iranian challenge to the US naval operation protecting Kuwaiti-owned tankers. They speculated that the US would be forced to consider some form of retaliation.

Both this week's attacks appear to have involved Chinese-made Silkworm missiles. Yesterday's missile attack caused a hole in the Sea Isle City. Mr John Hunt, the ship's captain, was reported to be under surgery eight hours later.

Iran has committed an ostrac-



Where the missile came from, the Almighty knows better," said President Seyed Ali Khamenei at a Friday prayer meeting in Tehran. "American authorities like to lie to their nation when they say their fleet is in the Gulf to keep security."

He also rejected Iran's insistence that it will only end its war when President Saddam Hussein of Iraq is put on trial for starting it, a comment which bodes ill for the latest United Nations mediation bid launched this week.

Mr Javier Perez de Cuellar, the UN Secretary-General, urged the Security Council to appeal to Iran and Iraq to end any escalation of their conflict when he renewed his peace efforts.

US officials suggested yesterday that options for consideration would include possible

Continued on Back Page

Missiles strike a tricky US target, Page 2

Continued on Back Page

OVERSEAS NEWS

EC warns Seoul to cut back on shipbuilding

BY WILLIAM DAWKINS IN BRUSSELS

SOUTH KOREA's relations with the EC could be harmed if its shipbuilders do not cut back over-capacity and curb allegedly unfair pricing.

That warning delivered yesterday by Mr Peter Sutherland, the European Competition Commissioner, to Mr Chong Ha Yoo, Seoul's new Ambassador to the EC, is the latest sign of irritation in increasingly tense trade relations between the two powers.

While the meeting, called by South Korea, was intended as a courtesy call, concern is growing in the Commission about the devastating effect which continued low-cost competition from the Far East is having on EC shipyards.

Mr Sutherland told Mr Yoo that if South Korean yards continued to sell ships below cost and continued to benefit from 'intensive state subsidies', there could be serious implications for the country's relations with the EC. The Brussels authorities are meanwhile coming under growing pressure from the EC shipbuilding industry to increase the amount of national aid its yards are allowed to receive.

Only last month the Commission warned Seoul that it could lose its EC trade concessions if it did not give European manufacturers the same patents safe-

Wholesale prices rise 0.3% in US

US WHOLESALE prices climbed a moderate 0.3 per cent in September as higher food prices and increases across a wide range of goods were largely offset by the largest drop in energy costs in a year, the government reported yesterday. Reuter reports from Washington.

The Commission is not issuing specific figures over shipbuilding, though officials stress that Seoul will have to take the problem into account if it wants a 'well-balanced' relationship with Europe.

Commission officials point to the fact that the EC cut its shipbuilding capacity by 48 per cent between 1975 and 1985. Japan reduced its capacity by 22 per cent over the same period, while South Korea boosted its output potential by 35 per cent from 400,000 dw tonnes to 1.8dwts.

One weapon at Brussels' disposal is to set up a committee to increase the amount of EC shipbuilding aid allowed in the EC. This is now fixed at 28 per cent of contract value, which is supposed to bridge the gap between Community yards and their cheaper Far Eastern competitors.

However, most EC shipyards think this is much too low. The Commission is due to meet national authorities next month to review its policy on shipbuilding aid. Any changes will be announced early next year.

Macabre questions still shroud Barschel's death

BY DAVID MARCH IN BONN

A MACABRE succession of open questions over the deaths last Sunday of Mr Uwe Barschel, the former Prime Minister of Schleswig Holstein, promises no quick end to the most murky political scandal in West German history.

The affair, considerably more complex than could be dreamed up by the most conspiratorial-minded of specialists, has roused deep passions and started a row between the press and political establishment over responsibility for his death.

The cause of Mr Barschel's death six days ago in a Geneva hotel is still uncertain. But the official Swiss autopsy report pointing to the presence in his body of sleeping tablets and tranquillizers appears to bear out the initial police thesis.

Mr Barschel was found almost fully clothed in a bathtub full of water by journalists from the illustrated magazine Stern. Before alerting police, they took photographs of the dead man which have been printed by the magazine, displayed on the front page of the mass circulation Bild newspaper and shown on television.

Mr Barschel's family still say he was murdered.

With the more rapacious West

German newspapers trying to out-do each other in their sensationalist treatment of the case, some of the more extreme speculation has centred on the possibility that it all might have been orchestrated by East German intelligence.

The Protestant Church in Hamburg and Schleswig Holstein has asked牧師 to perform a special service of reconciliation in services tomorrow. Mr Barschel, a member of Chancellor Helmut Kohl's Christian Democratic Union, resigned as state premier at the end of last month after being accused of mounting a 'dirty tricks' campaign against a political rival.

Yesterday the Kell state government published a copy of a letter apparently sent by Mr Barschel to his secretary from Geneva Airport on October 7, four days before his death. He had been thought to be in the Canary Islands on that day.

The police also searched for clues in the flat of a journalist associate of Mr Reiner Pfeiffer, the CDU campaign worker who sponsored Mr Barschel. Mr Pfeiffer's role and honesty have repeatedly been called into question in the last few weeks.

Dublin police fear rebel Inla gang behind kidnap

BY OUR DUBLIN CORRESPONDENT

POLICE SOURCES in Ireland believe a renegade republican group may be behind the kidnap of a Dublin dentist on Wednesday.

A nationwide manhunt was going on yesterday for the gang which kidnapped Mr John O'Grady, 38, after they broke into his house, apparently looking for his wealthy father-in-law. A ransom demand of £130,000 (£273,000) has been received by the family.

Police believe the gang, led by a former Irish National Liberation Army gunman known as 'the border boy', planned to kidnap Dr Austin Darragh, a millionaire businessman who set up a multi-national drug testing company with bases in Dublin and New Jersey in the US. He owned the house occupied by his daughter and son-in-law, and had lived there until four years ago.

The emergence of the police

theory that the republican splinter group is behind the kidnap has heightened fears for Mr O'Grady's safety. The gang's leader has carried out up to 20 kidnaps since his release from prison last year, and is suspected of involvement in a number of murders.

His group was involved in the recent Inla feud and is thought also to have been involved in the murder of the wife of another former Inla leader Dominic McConchie. The 'border boy' has apparently been McCollum, now serving a prison sentence in Northern Ireland, as the Republic's most wanted man, regarded by security forces as ruthless and unpredictable.

When his gang was surprised by the Irish security forces during a bank raid earlier this year, he had no qualms about opening fire on the police and their army escort before escaping.

PUBLIC NOTICE AUCTION
40 BALES CARGO RECALLED ON BRITISH CALEDONIAN AIRWAYS AIRWAY BILL NO 121-21791232 EX TORONTO CANADIAN CUSTOMS EX BONDED FREIGHT WAREHOUSE. AGENTS IATA CODE 60-10655-0004. BARON OVERSEAS MOVING, ONTARIO UNPAID AND DISPUTED DOCUMENTS ON MAY 1287 NOW ORDERED FOR PUBLIC AUCTION PIECE BY PIECE TO THE HIGHEST BIDDER FOR IMMEDIATE CASH REALIZATION. LAST 15 BALES REMOVED FROM CUSTOMS AND EXCISE BOND WITH OTHER BALES FOR LIQUIDATION PROCEEDINGS
CARPETS: PERSIAN
ASIAN, TURKISH, AFGHANISTAN, SIND, USSR, CERTIFIED HIGH VALUE HANDMADE CARPETS & RUGS ORIGINS AND PILE CONTENT DUTIES, VAT AND FREIGHT NOW PAID AND ORDERED FOR

PUBLIC AUCTION
ON SUNDAY 18TH OCT. AT 3PM
INSPECTION 1 HOUR PRIOR TO DISPOSAL
AT THE SALEROOM OF
A WELLESLEY BRISCOE & PTNRS. LTD., ROXBY PLACE,
LONDON SW8. TELEPHONE 01-981 8558 FAX 01-381 4262
Dove House, London SW8 1PT. Tel 01-981 8558 Fax 01-381 4262
TELE 01-381 4262

French ban on referee 'offside'

By William Dawkins in Brussels

A ROW which started on a football field in Lille has rebounded against the French sports authorities in the European Court of Justice in Luxembourg.

The dispute began two years ago when Mr Georges Heyland, the high-profile division football coach, placed the whole of the French sports ministry's refusal to recognise his Belgian coaching qualifications.

The success of his appeal in the European Court means that from now on, no EC government can refuse to accept a visiting foreign professional's qualifications without good reason.

Mr Heyland needs to be first division coach for Amiens FC, the French Football Club in Belgium's Little Olympic Sporting Club just over the border in France recruited him to coach its first division team. All seemed to go well until Mr Heyland was enraged to hear from the French sports ministry that his Belgian first division coaching diploma was only valid in France. It had worked for a third division team. Paris gave no explanation.

Infiltrated by the implications that third division Frenchmen were as good as first division Belgians, Mr Heyland continued to coach the Little team and took up his case at the local court, which passed on this sensitive question to the EC legal authorities in Luxembourg.

The European Court's decision does not actually overturn the French sports authorities' stance, but it does mean that they now have to give Mr Heyland an explanation along with the right to appeal against it. By extension the same right now applies to other professionals.

The report, published in New York, is an assessment of progress made under the programme for Economic Recovery and Development in Africa, endorsed by the UN at a special session on Africa in May last year.

The 62-page study notes that many African countries have "courageously" implemented wide ranging economic reforms, but says that they are to risk "since overall new resource flows declined in 1986 and were grossly inadequate in the face of the dramatic fall in Africa's export earnings from commodities, and the sharp rise in

its debt servicing obligations." Unless the resource flow deficiencies are dealt with in a comprehensive manner, the continent's economic recovery will be aborted," concludes Mr Perez de Cuellar.

Reforms that have been introduced include more attention to agriculture, currency devaluation, public expenditure cuts, rationalisation of the public sector, and better economic management.

Food and agriculture have been given the highest priority, says the report, with most countries increasing producer incentives, cutting subsidies and raising the sector's share of total public investment to the 25 per cent target set out in the UN plan.

But serious external constraints continue to hamper recovery, the report states. Inter-

Tehran has exposed a loophole in Washington's military effort, writes Andrew Gowers

Iran missile strikes a tricky US target

WHETHER IT was the work of the Almighty - as the Tehran leadership pretended - or of an Iranian military commander, yesterday's missile attack on an oil products tanker flying the American flag in Kuwaiti territorial waters seems bound to raise far-reaching questions for the substantial US naval force now patrolling the Gulf.

For with yesterday's strike on a civilian vessel, the US has to re-register its ships in the US earlier this year, entitling them to naval escort. But it was not actually benefiting from US military protection when it was hit, since warships only escort navigation for oil shipments, not necessarily to come to the aid of beleaguered Arab Gulf

states.

The broad rule of engagement for the 27 ships now comprising and backing up the US Middle East Force, as President Ronald Reagan made clear on Thursday night, has been to defend ourselves if attacked; its policy, hazily-defined as it may be, is to maintain freedom of navigation for oil shipments, not necessarily to come to the aid of beleaguered Arab Gulf

states.

The distinction was pointed up by the American response to a series of unsuccessful Iranian missile attacks on Kuwaiti oil tankers last month. Iran fired up to three Chinese-made Silkworth missiles at the tiny emirate at the northern end of the Gulf in early September, provoking a furious reaction from the Kuwaiti Government but only unspecific words of rebuke from Washington. Gen Vernon Walters, the US ambassador to the United Nations envoy, went on television to deny that the US had

any obligation to defend Kuwait.

The question now is whether the latest Iranian action will move Washington to modify its stated aims in the Gulf. It is already clear that the US has moved much more obviously in its position of trying to contain Iran's retaliation for Iraqi strikes on its oil export operations in recent weeks. Rear Admiral Harold Bernick, commander of the Middle East

Force, said as much last week.

Am Bedouin is also known to be uncomfortable with the current constraints on him. According to US officials, he has asked to be allowed to extend protection to non-American ships threatened by Iranian attacks, which would in effect give his forces carte blanche to fend off Iranian gunboats stalking neutral tankers flying, say, the Liberian or Panamanian flags. So far, Washington has refused.

At the same time, there is no

doubt that some people in the Administration have been straining at the leash to go further in confronting Iran. Figures as senior as Mr Casper Weinberger, the Defence Secretary, and Mr Howard Baker, the White House Chief of Staff, were threatening in early summer to "take out" the batteries of oil platforms in the Persian Gulf. The temptation either to carry out those threats or to disable some of the makeshift naval bases which Iranian Revolutionary Guards have established on islands up and down the Gulf such as Abu Musa or Farsi must now be great.

In that event, the voices in Tehran which have recently advocated direct retaliatory action against US forces or their bases in the Gulf - principally Bahrain - cannot but grow louder.

Currency crackdown in Kenya

By Andrew Buckton in Nairobi

AT LEAST 20 Asian business men have been arrested in the last week in the Kenyan capital Nairobi for illegal foreign currency transactions, according to members of the Asian community.

The police say investigations are continuing and will not say how many people are being held or when they will be charged.

Last month police arrested several Asian coffee traders and executives from Blasberg Bank of Kenya and the Bank of Commerce and Credit International, which have been suspended from foreign exchange dealing. The banks were allegedly involved in the failure to remit to Kenya more than Ksh500m (£22m) in foreign exchange earned from coffee exports.

Some Ksh150m has apparently been recovered, but last Friday two coffee traders and the chairman and another director of Blasberg Bank were arrested with cashiers from Exchange Control Act for failing to ensure remittance of Ksh46m in proceeds from coffee exports. These amounts are probably only the tip of an iceberg of unremitted export earnings and other illicit capital outflows.

The recent sharp dip in foreign exchange reserves, from more than three to two and a half months import cover, may have provoked the clampdown. But it is not so much any marked increase in illegal capital outflows, which have been going on for years, as the decline in tea and coffee prices.

Coffee has long been Kenya's primary source of foreign exchange, earning the country \$490m in 1986. With the collapse in prices this year coffee earnings may be as low as \$280m. Tourism earns more than \$400m.

Documents given to aid donors last month showed that the government planned to draw \$122m from reserves to help cover a projected trade deficit of nearly \$600m for this year.

With the help of such financing, grants and invisibles such as tourism, the 1986 balance of payments deficit is expected to be limited to \$20m this year. However, Kenya is seeking \$150m from the International Monetary Fund through a stand-by credit and Structural Adjustment Facility to finance a balance of payments deficit projected between \$150m and \$200m for 1988.

President Daniel arap Moi has taken a personal interest in what has become known as the coffee swindle, and promised last week that those involved would be interrogated until the money was returned to Kenya.

The arrests appear to be smaller than expected. Mr Kim Young-sik, opposition leader of the Democratic Progressive Party, was reportedly shot up to death by unknown gunmen in Nairobi's River Road area, dominated by small Asian businesses long suspected of involvement in black market currency dealing.

The premium on the official rate for foreign exchange offered by the black market has reportedly shot up to more than \$100m in just three weeks. For example, it has risen around 20%, reflecting Kenya's relative prosperity and sound currency.

The rise is probably the result of nervousness in the 80,000-strong Asian community, which dominates private sector commerce, reinforced by the fear that the IMF may ask for a large formal devaluation, on top of the steady slippage in exchange rates the government has allowed for the past year.

Aid for southern African states expected

BY ROBERT MAUTHNER IN VANCOUVER

COMMONWEALTH leaders were yesterday expected to agree on a common programme of aid to southern African countries and to adopt a joint declaration on the future relationship of Fiji with the Commonwealth.

The heads of government, who are due to end their five-day conference today, were meeting in the informal atmosphere of their 'retreat' at Lake Kanakana, a mountain resort in southern British Columbia, 300 miles from Vancouver.

The index of inflation in Fiji, the Pacific island nation, has been rising steadily since the start of the year. Last month it reached 11.4 per cent after rising 3.7 per cent in August.

Having accepted, however reluctantly, that Mrs Thatcher will not be persuaded to agree to additional economic sanctions against South Africa, the heads of government should have no difficulty in drawing up a programme of increased aid to the other member countries.

This is likely to be channelled mainly into infrastructure projects such as railway, road and port facilities, many already under way, to lessen dependence

on imports. The Commonwealth leaders will take into account an estimate by the member-states of the Southern African Development Co-operation Council (SADC) that more than \$US600m would be needed to implement its action.

Mr Shultz makes a brief side trip to Saudi Arabia today for a meeting in Jeddah with King Fahd given added importance by yesterday's Iranian missile attack in Kuwaiti waters on a US flagged tanker.

Israeli officials yesterday reportedly urged Mr Shultz to treat Soviet Jewry as an ethnic minority question - putting the US on the same level as the so-called Volk Germans of the Soviet union. They also raised new ideas over the question of direct flights for Jewish immigrants from Moscow to Israel.

On his arrival yesterday, Mr Shultz indicated that he would be exploring ways of making the controversial international conference proposal more palatable to the hardline Israeli Prime Minister. "I hope during my time here (we) can put on our creative thinking caps and see if we can figure something out," he said.

Palestinian nationalists yesterday called for a boycott of a meeting scheduled for tomorrow between Mr Shultz and a group of Arab notables from the occupied West Bank and Gaza Strip. Shops in Arab East Jerusalem were closed in protest against the Shultz visit, following the clandestine circulation overnight of leaflets calling for the action.

It is unclear which Palestinians will turn up to the tea-time session with Mr Shultz at the Je-

nalem Hilton, but US officials are confident that seven or eight prominent businessmen and other dignitaries representing a broad cross section of opinion would respond to the invitation.

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OVERSEAS NEWS

Delhi's policy makers are haunted by nightmares of Vietnam, Mervyn de Silva writes

India fears 'Sri Lanka syndrome'

AS THE Indians remorselessly increased the military might they are prepared to throw against the fierce resistance of the Tamil Tiger guerrillas this week, most Sri Lankans had only one question on their minds: Would Mr Velupillai Prabhakaran, the 23-year-old Tiger leader, sue for an honourable peace or follow the path of his fellow-fighters and seek instead martyrdom? The Tamils encapsulate the Tigers' spirit as neck-wear, a proven symbol of their fanatical devotion to the cause of an independent Tamil homeland or 'Eelam' in Sri Lanka, has already earned them a place in the annals of unconventional warfare.

Not many Tamils believe he will surrender, which is what the Indian peacekeeping force demands, or allow himself to be captured. Sri Lankans who have met him and studied his career are not sure he will emulate his rivals like Clint Eastwood, and die in battle, his Magnum 47 blazing.

Diplomats in Colombo are monitoring secret contacts between Madras, the capital of the southern Indian state of Tamil Nadu, the Tigers, New Delhi, and Mr Rajiv Gandhi, the Indian Prime Minister who is at the Commonwealth conference in Vancouver.

The chances of a ceasefire and a conditional surrender of arms, these diplomats say, are 'good and getting better'.

In government offices in Colombo, and in buses and trains in the Sinhalese south of Sri Lanka, Mr Prabhakaran competes with the World Cup cricket tournament as a topic of conversation. The Sinhalese generally derive vicarious pleasure from the fact that it is the Indian Army which is taking on their hated and feared foe; nevertheless some can scarcely suppress a sneaking admiration for this young Sri Lankan who has taken on the Indians just when the Sri Lankan intelligentsia has started referring openly to the country as a quasi-protectorate.

When Mr Prabhakaran launched his movement a decade ago, an indulgent Tamil middle class in the north called his small band 'the Boys'. For now, at least, many a Sinhalese



Sri Lankan adversaries: President Junius Jayewardene (left) and Tamil Tigers leader Velupillai Prabhakaran

identifies himself almost unawares, with *opey kolai ('our land')*, as he fights a formidable foreign force. Through a curious and cruel twist of irony, the Sinhalese draw a more common bond with which which has eluded both communities for so long, ultimately causing their harrowing five-year civil war.

Will 'Clint Eastwood' Prabhakaran be saved in the last scene by Mr M. G. Ramachandran, chief minister of Tamil Nadu and a former movie idol, who is also the Tiger leader's political patron?

The Tigers have always used the south Indian state as their sanctuary in the war. With populations of 50m Tamils, this is not a state Mr Gandhi can lightly ignore, particularly as he is increasingly short of friends in the Indian states themselves.

'MGR' is a staunch ally but he is ailing in hospital in the US - which may be one of the reasons behind the timing of the Indian onslaught on Jaffna peninsula, the separatist Tamils' stronghold in the far north of Sri Lanka. His views of the crisis are

fear, this time harassing the Indians rather than the Sri Lankans. The thought of a long counter-insurgency operation on behalf of the Indian elite seems, obviously, that the Indian press in the past 10 days has given as much prominence to the World Cup cricket.

But on different pages. While the international stars Imran Khan and Vivian Richards and the local hero, Kapil Dev, spread themselves freely in the sports section and beyond, President Jayewardene and Mr Prabhakaran monopolise the front page.

The Indian editorialists and analysts devote more attention to the Indians' intervention in Sri Lanka than to Mr Gandhi's forthcoming talks with Mr Reagan on US aid to Pakistan, the Indo-Pakistani skirmishes on the Siachen Glacier, and the Tibetan uprising.

The Indian opposition is demanding a special parliamentary session on Sri Lanka, and the Marxist Communist Party of India which governs West Bengal

has issued a lengthy statement warning the government of foreign policy implications, including US designs, in supporting the Indo-Sri Lanka peace accord.

A Times of India editorial is titled 'Into a Deeper Morass'. Other papers ring the changes on that word so suggestive of fearful analogies - mire, quagmire, quicksand, imbroglio - which depict India as a superpower bogged down in its own Vietnam or Afghanistan.

With the peacekeeping force now at 15,000 and deeply engaged in battle, the idea of keeping the peace seems long lost. The best that India can hope for now is that it will be a short operation. We must move in fast, finish the job and cut costs, says a well-known military affairs analyst. The sense of international déjà vu appertaining to that remark is overpowering.

Mr Nikhil Chakravarty, veteran editor of the left-wing 'mainstream', is more conscious of the internal situation in Sri Lanka, and the increasing isolation of its regime. President Jayewardene is applauded for a masterly move which has forced India to 'underwrite his own presidential tenure'.

Indian editors are aware of the predicament. The 51-year-old president is the only Sri Lankan politician self-confident enough to pursue the perilous course of offering a semi-autonomous homeland to the Tamils, and thus serve, however inadequately, the Indian interests as 'protector of the Tamil minority'.

With Mr Paul, the Indian defence minister, beside him, Mr Jayewardene was frank about his motives. He wanted the Indians to return his army to the north in order to deploy it in the south, the scene of a rabidly nationalist incipient Sinhala youth insurgency.

All this adds up to one very uncomfortable question for the government in New Delhi. Will this prove to be yet another of the world's intractable sectarian disputes which means the next generation of Delhi's policy makers will have to live with the 'Sri Lanka syndrome'?

Afica's Upright Man comes to grief

Will the coup revitalise Burkina Faso's fading revolution, asks Nick Haslam

the world, with a per capita income of £150 per annum. The three main exports (cotton, diamonds and cattle) have all been severely hit by drought over the past few years. Most of the country's 8 million people eke out a living farming in one of the harsh climates of Africa.

It seemed an unlikely place to become a focal point of radical change in the nation. But a well-organized, left-wing group of young officers, led by Capt Sankara and reacting against cynical abuse of power, master-minded the bloodless coup of August 1983.

The new government, headed by the National Council of the Revolution was composed of both civilians and military, and appointed by Capt Sankara himself. Its main aim was to encourage the people to overcome the apathy caused by years of neglect. Grassroot Committees for the Defence of the Revolution were set up to transfer power from the former élite.

The Council placed special emphasis on improving the lot of Burkina's peasant farmers. Ambitious health and educa-



Thomas Sankara: his revolution was beginning to fade

tion schemes were launched to combat high rates of infant mortality and illiteracy in the rural areas. Civil servants and white collar urban workers were expected to help on rural and urban projects to build a better Burkina.

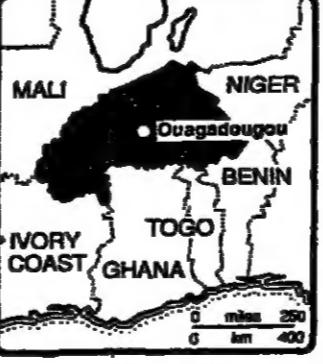
During the first two years the country was widely viewed as a successful African revolution. Visitors were impressed by the reduction of corruption and the success of health, education, housing and road schemes.

But all was not as harmonious as it seemed. Civil servants were becoming increasingly disenchanted with intrusive government decrees and poor salaries. Unable to strike for higher wages because of trade union activity, they showed their discontent by staying away from government rallies.

Peasant farmers too were becoming weary of the often heavy handed attempts of the grassroot committees to bring revolution to the villages, whose traditional power structure of elders and chiefs had often been alienated.

Capt Sankara's revolution also significantly failed to absorb many young graduates and school leavers. The arrest, in effect, of a prominent leader of the revolution, and a further deterioration in the political climate, and it became clear that it was only a matter of time before Capt Sankara's powerbase in the army was eroded by growing

Burkina Faso



Ouagadougou

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UK NEWS

Austin Rover may have cut car diesel range

BY JOHN GRIFFITHS

AUSTIN ROVER is understood to have reduced the range of cars which will use the "world first" direct injection diesel engine it developed jointly with Perkins at a cost of £27m.

The engine was launched in the middle of last year - more than a year later than first forecast - in Austin Rover's Maestro van. It is also used in Freight Rover's Sherpa vans.

Austin Rover also intended to launch the engine, in normally-aspirated and turbocharged forms, in the Maestro and Montego cars - in turbocharged form only in the Rover 800.

However, the only car which will now use the engine - and only in 80bhp turbocharged form - will be the Montego.

It is understood that Rover group is been making approaches to other diesel engine producers to find an alternative unit for the Rover 800. The company used a turbocharged diesel produced by VIM of Italy in the Rover 800's predecessor, the SD1.

The diesel Montego is expected to be launched in seven or eight months, after development of hydraulic engine mounts to reduce noise and vibration has been completed.

Maxwell pushes on with free daily plan

BY RAYMOND SNODDY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, has decided to push ahead with the launch of a free daily London newspaper early next year.

The paper would be distributed to homes all over the Greater London area on five, possibly six, days a week.

"We are talking about between 1m to 2m copies a day which will give a market penetration of 50 per cent. The Standard market penetration is 12 per cent," Mr Maxwell said in an interview at his Holborn headquarters.

The paper, which will be called The Londoner, is one of three projects announced by Mr Maxwell earlier this year following the collapse of his 24-hour London paper, the London Daily News.

Mr Maxwell said The Londoner was a firm plan. It will be printed in black and white on Holborn presses currently printing the Daily Mirror. Asked if he could give categorical assurances that The Londoner would appear next year, Mr Maxwell said: "Yes."

The precise timing of the arrival of The Londoner depends on the move of existing Mirror Group Newspaper titles to col-our printing schedules early next year.

The Londoner, the most ambitious free newspaper project undertaken in Britain, would safeguard some of the printing jobs that would otherwise have been lost at the Mirror's Holborn Circus headquarters by

STC wins £20m contract

BY DAVID BUCHAN

STC Defence Systems has been awarded a £20m contract to supply and install optical transmission networks for the RAF's UNITER project involving modernising its telecommunications around the country.

STC, the UK-based electronics group, recently won a £22m contract for the supply of long haul fibre optic transmission systems for the RAF, and ICL

won a £27m contract for a new RAF command and control system.

All these contracts themselves form only part of the current effort to upgrade the UK's air defences that also includes purchase of Boeing Awacs early warning radar aircraft and improvements to Tornado jet interceptor radar and to ground radars.

PROPERTY ALONG THE M25

The Financial Times proposes to publish this survey on

FRIDAY 23rd OCTOBER 1987

For further information contact:

Joanna Dawson on
01-236 9763

or your usual Financial Times representative

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Seelig bailed on 12 Guinness charges

Financial Times Reporter

MR ROGER SEELIG, the former Morgan Grenfell corporate finance director, was remanded on bail of £500,000 yesterday when he appeared at Bow Street court in London to face 12 charges arising from the Guinness affair.

Perkins last night denied that

the Peterborough-based company was disappointed with take-up of the engine.

The initial capacity laid down to produce it was 60,000 units a year and eventual output of 100,000 units was envisaged, covering vehicle, marine and industrial applications.

This compares with expected production this year of 12,000 units of the engine, known as the "Prima", of which 10,000 are being used in Maestro vans and Spares.

While a Montego diesel car could be expected to increase demand for the engine, there is little or no prospect of this being sufficient to take up the Peterborough plant's capacity.

Mr Seelig last night denied that

the brewing group, Mr Seelig, who had been regarded as the highlight of one of the City's most successful merchant banks, acted as chief adviser to Guinness during its £2.5bn takeover of the drinks group Distillers.

Mr Seelig was remanded on bail until November 3 after a 15-minute hearing.

He was granted bail after two weeks of £250,000 were paid by Sir Terence Conran, chairman of the Storehouse group, and Mr Paul Hamlyn, the publisher.

Mr Victor Temple, prosecuting, outlined the charges as four of false accounting, two of procuring the execution of a valuable security by deception, two of theft, one of conspiring to create a false market in Guinness shares, and three of giving indecent or false assistance for purchases of Guinness shares.

The first effects of the storm were felt at 4am when high voltage national grid lines from the Dungeness nuclear power station near Brighton became disconnected from the system.

CEGB engineers think flying debris from the pylon caused the wires to snap.

Shortly after it spoke, there were more blackouts in Brighton after lightning hit overhead conductors.

The board, whose distribution

area stretches from Brighton to the East Kent coast, said there were 170 overhead line faults in Guildford and 100,000 customers were cut off in Maidstone. Nothing had been known like it since 1942.

Southern Board officials, whose area stretches from West Sussex to Dorset and into Oxfordshire, said about 10,000 faults had been reported, "the worst ever."

In London, served by the London Electricity Board, 1.7m homes were initially without power but by 6pm all supplies had been restored.

Yesterday Mr Ed Wallis, director of operations at the CEGB's northern power stations, the main trunk route into London and the south east was cut off and some 5m customers were cut off in the south east.

Even power stations along the Thames were themselves blacked out and had to make what engineers call "black starts", beginning with batteries and

merit rises add about 10 per cent to the pay of senior executives, according to the Pay Unit of Incomes Data Services, an independent pay research body.

Mr Magrin added that from next year merit rises would be used in judging whether to award merit rises.

The scheme will probably run for two years on an experimental basis.

Mr Magrin added that from next year merit rises would be used in judging whether to award merit rises.

Mr Magrin thinks the awards, which will be consolidated into salaries, will be worked out on a national basis. For instance, the rises of Rank Xerox's French managers will depend on what French customers think of the company.

A small team will advise Mr Magrin on how customer satisfaction should be gauged, but key customers are likely to be sent questionnaires about their views on the quality of service.

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LABOUR NEWS

Vauxhall workers strike over productivity bonuses

BY CHARLES LEADEBEATER, LABOUR STAFF

MANUAL WORKERS at Vauxhall Motors' car plant at Luton started an indefinite strike yesterday afternoon in a dispute over the re-calculation of productivity bonuses.

The strike, involving 3,500 workers, went ahead in spite of more than six hours of talks between managers, local full-time union officials and convenors from the plant aimed at settling the dispute.

The company insisted that in spite of the length of the talks it would not accede to the unions' demands for a £10 a week increase in bonus payments. Hoping for an early end to the strike, hinge on a meeting planned for Monday between the company and national officers of the Transport and General Workers Union and the

AUTU, engineering union.

The strike follows the union's claim that since August the company had been depressing the car workers' bonuses.

Vauxhall accepted that it would lose at least five hours of overtime production today, and a full day's output on Monday.

The dispute only affects the Luton plant, which manufactures Cavaliers. Normal production is expected to continue at its Ellesmere Port plant on Merseyside.

The workers voted for strike action by about two to one. While the company expects union leaders for the strike to be weaker than those chosen by the vote, union officials said workers were fully in support of the strike.

The dispute follows the separate

ration of the car and van plants on the Luton site. A joint venture formed by General Motors of the United States, Vauxhall's parent company and Isuzu, the Japanese manufacturer, took over the van plant this summer.

While the car plant is much more efficient than the van plant, productivity bonuses for production workers on the site had been calculated on the basis of the average productivity of both plants. The company wants to include notional figures for the van plant's productivity, based on production in the four weeks before the plants were separated, to calculate the car workers' bonuses pending agreement on a revised productivity scheme tailored to the car plant.

The unions were angered that the company introduced the 'notional figures' without consultation. They argue that on the basis of the established productivity threshold, which has to be crossed before bonuses are paid, the car workers are owed an extra £10 a week, in addition to the current weekly bonus of about £26.50.

The company has suspended national wage negotiations until the Luton dispute is settled. The wage award was due to have been settled by September 9, when the two year agreement, reached in 1985, expired.

The priority, he said, is to keep BA competitive in all spheres of its business activity. He named the airline's tours and catering divisions as among those which have been uncompetitive on costs.

Mr Nick Georgiades, BA's human resources director, says in British Airways News, the airline's in-house newspaper, that he is establishing a definition of productivity and efficiency requirements but is looking for 'an overall and enabling understanding' on flexibility.

'The agreements we have afford a protection to staff to talk through their concerns associated with attendance hours and changes to rosters,' Mr Georgiades says.

'We are not against that, but we are arguing that filibustering and prevarication is disrupting and inevitably impedes our ability to respond effectively to changes in operational require-

BA offers workers two-year pay deal

BY DAVID BRINDLE, LABOUR CORRESPONDENT

BRITISH AIRWAYS has offered its 35,000 UK employees a fourth successive two-year pay deal, worth 5 per cent next year and a further 5.5 per cent in 1989.

The airline says it wants a 'speedy' straightforward settlement, payable from next January 1. Unlike previous deals, the offer includes no specific productivity conditions.

However, BA has told employees it will be looking generally for 'unimpeded' introduction of new aircraft types, technology, and equipment and for the introduction of greater flexibility in the contractual basis under which we employ people.'

Particularly, the airline says it wants more flexible rostering of workers and the implementation of 'starter' pay rates, lower than present minima, for recruits.

BA's last two-year deal, before the company's privatisation, gave rises typically of 8 per cent each year. The separate negotiations for each bargaining group, however, were drawn out and tense, with industrial action only narrowly avoided.

In a message to employees

Prison officers' leader warns of national dispute

BY CHARLES LEADEBEATER, LABOUR STAFF

A LEADER of the Prison Officers' Association last night warned of the danger of a national dispute if the Home Office takes action against warders continuing to refuse to accept extra inmates at six jails.

Mr Alice Leathwood, a POA negotiator and executive committee member responsible for London prisons, said: 'We would be obliged to call in other prison officers to assist. That certainly isn't what we want to see it slide into.'

His warning came after a scheduled meeting of the POA executive, due to discuss the local disputes, failed to go ahead yesterday because of the adverse weather conditions in the south-east.

Mr Douglas Hurd, Home Secretary, warned earlier this week that he would order tough counter-measures if the POA members did not return to normal working at Wandsworth, Wormwood Scrubs and Pentonville prisons in London, Chatham and jail in Essex, Camp Hill on the Isle of Wight, and Ashford in Kent.

The POA executive had met on Wednesday and deferred consideration of the issue until yesterday. In view of the unusual

Usdaw aims recruitment drive at the young

BY CHARLES LEADEBEATER, LABOUR STAFF

USDAW, the shopworkers' union, is launching a recruitment drive aimed specifically at young people working in the retailing industry.

The union, which claims to be Britain's largest organising exclusively in the private sector, sees its new campaign as an attempt to draw in the unions those young people whose prime links with trade unions - starting work after they leave school - have been broken in many cases.

Usdaw, which is aiming its drive both at employees and at YTS trainees, says that trainees in particular may not realise that they can join a union while on the training scheme.

Encouraging all Usdaw shop stewards to contact all young people working in their establishments, Mr Gernot Davies, Usdaw general secretary, said: 'Shop work is very often the first experience a school leaver has of the world of work.'

Claiming that many young people in retailing were exploited or treated unfairly, he said: 'Even when they feel cheated they may be warned off complaining if an unscrupulous employer hints that there are plenty of unemployed who can do their job.'

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CBI finds more workplace change

BY PHILIP BASSETT, LABOUR EDITOR

INCREASED SCOPE for companies to secure change in working practices has been found by a Confederation of British Industry examination into company-level efforts to reach agreements aimed at improving productivity.

A number of surveys now available paint general pictures of workplace change. To try and obtain a more precise idea of the changes being achieved by management, however, the CBI looked in detail at nine companies which had agreements for workplace change taking effect in January this year - and how the deals worked out in practice.

The study concludes that wide-ranging changes were achieved in all cases as part of a regular pay deal. This illustrates that management use of pay as a lever to secure change, said the CBI.

No case provoked industrial action by the unions involved, and the CBI says in a report to its member companies: 'Despite

the importance of negotiating change, the trade unions in most instances were able to secure only minor modifications in the changes required.'

Since the changes, the CBI says, the companies examined all report agreements to be working well. The report says that 'even in the cases where unions were initially opposed to the deal, their attitude has become more favourable, particularly as improvements in productivity have started to feed through into increased productivity.'

Some of the agreements examined by the CBI feature interesting variations on some current aspects of the labour market, particularly employers' threats of increased use of temporary labour.

Examples of the deals include:

• At JC Bamford, the excavation company, reached a two-year deal on flexibility and improved bonus payments tied to changes in working practices including a move to a 4½-day working week, with Friday af-

ternoons paid at overtime rates and an increase in sickness pay provided absenteeism levels fell. If the deal was not accepted, the company made clear that a due profit-related bonus would not be paid.

• Automotive Products, the Lexington Spa-based company, sought a two-year deal involving a 10 per cent increase paid in three stages across the period. This was linked to 'total flexibility' and the acceptance of 'extensive monitoring of the quality of each worker's output.'

According to the CBI's report, the unions managed only reduced the flexibility requirement to 'total flexibility' across trade groups.

• A Scottish mechanical engineering company went against employment insistence that all workers be paid the same when they linked a pay rise to the acceptance of production workers of the extension of the company's incentive scheme into their area.

NUM leaders told 1,300 jobs to go in pit closures

BY CHARLES LEADEBEATER, LABOUR STAFF

LEADERS of the Yorkshire arm of the National Union of Mineworkers were yesterday told that British Coal plans to close a further two pits in the area with the loss of 1,300 jobs.

Union leaders were told of the decision at a colliery review meeting yesterday. The pits to

close are Wooley, the pit at which Mr Arthur Scargill, the NUM's President started his career, which employs 205 workers and Redbrook, which employs 476.

The decision to close the pits is expected to be approved by the corporation's main board

within the next few weeks. The closure of Wooley and Redbrook follows the recent announcement of the closures of Wheldale colliery in Yorkshire, Snowdown in Kent, and Cadeby Hill colliery in the Midlands.

Miners leaders expect a spate of pit closures in the next few

weeks. This follows British Coal's decision to improve the terms of its voluntary redundancy payments by offering an additional lump sum of £5,000 to attract more redundancies.

The offer will remain open until March next year.

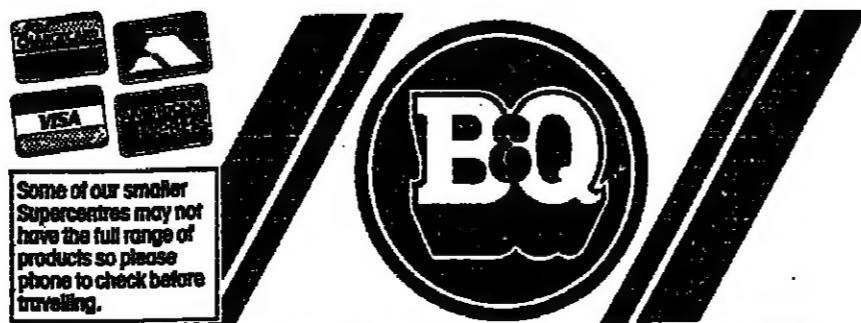
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Saturday October 17

A family quarrel

AS THE West Germans and the Americans have been reminding us this week, the most vigorous quarrels are within the family. For an outsider to intervene in a family quarrel is always risky, but in this case it may be helpful. Both parties are right. More precisely, the Germans are right about the US and the Americans are right about Germany.

The conflict is between the instinctive Keynesianism of the Americans, especially of Mr James Baker, the Treasury Secretary, and the equally obdurate monetarism of the Bundesbank. It is this difference in underlying beliefs that makes attempts at macroeconomic coordination so difficult.

The official American view is that growth in the American economy, of 2.4 per cent in the year to August, is by no means excessive. Unemployment, it is true, is down to 5.9 per cent, but this looks low only against the dismal European performance. The rise in consumer prices remains below 5 per cent a year, while money supply is well under control.

The one worry is the trade balance. The deficit just announced for August was well above that for all months in 1987, apart from June and July, and the deficit in the first eight months of the year is already \$14bn.

Fiscal policies

Nevertheless, Mr Greenspan, the chairman of the Federal Reserve, stated only this week that there has been a "silent revolution" in the US economy, with the volume figures for exports particularly encouraging. On this view it is the sluggishness of the rest of the world, especially in the major surplus countries, that is the principal cause. Certainly, a recession in the US would be quite inappropriate.

Meanwhile, the official German view is that the American boom has been the consequence of unsustainable and irresponsible fiscal policies. At the same time, slow growth in the German economy reflects fiscal and monetary prudence and, just at present, the adjustment of the Deutschmark's appreciation to the Deutsche Mark in 1982 and 1986. Meanwhile, the aim of monetary policy should be stabilisation of the domestic price level and that is almost precisely what has been achieved.

The one thing that must be avoided, the Germans would argue, is a resurgence of global inflation. But this is what is now threatened by the American fixation with targets for real rates of growth of 3 million were to rise again, the costs of the disinflation between 1979 and 1982 would have been wasted and, given the understandable inflation psychosis of financial mar-

kets, the effects could be extremely harmful.

At the beginning of 1987 Japan and Germany wanted to control the damage to their export industries, just as the US wanted to limit the inflationary risk of uncontrolled dollar depreciation. But the Louvre Accord was a marriage of convenience. In retrospect, the cautious reaction of the representatives of Japan and Germany to the plans for long term macroeconomic coordination announced in Washington two weeks ago by Mr Baker and Mr Nigel Lawson, the Chancellor of the Exchequer, may herald proceedings for divorce.

Inflationary risks

The reaction of the markets to the cross-purposes of the authorities is now putting pressure upon them and so making the disagreements more apparent. Rates of interest have been rising sharply in all markets. The London interbank offered rate, for example, is now some 1 per cent higher than a month ago. Equity markets, too, have been weakening (except in Tokyo), especially the New York market, which has fallen by some 10 per cent in just two weeks. While nervous about the intentions of the authorities, currency dealers have also been marking down the dollar.

What needs to be done? The Germans are right to point to the inflationary risks of present US policy. Further, don't forget that, with the present level of activity, it is more likely to increase inflation than contribute to orderly adjustment of the balance of payments. Interest rates would, therefore, be quite appropriate.

Meanwhile, the Americans are right to chide the Germans for their caution. If the Germans pull up interest rates, this will merely create a quite counterproductive competition with the Americans. The condition of the German economy justifies a relaxed view of monetary policy and a more modest still, far more aggressive policy towards the rigidities that impair the growth potential of the economy.

Meanwhile, for Mr Baker to react to his frustration by talking down the dollar could be dangerously counterproductive.

It would be counterproductive domestically, because of the risk of inflation. It would be counterproductive internationally, because the Germans, at least, are likely to call him a belittler than the self-styled official support of the dollar would have still worse consequences than its further fall. In short, this is a family quarrel which can be sensibly resolved, if tempers can only be kept in check.

NOT SINCE THE South Sea Bubble in the early eighteenth century have so many top British financiers faced so many serious charges arising from a single event. The extraordinary series of arrests in connection with the Guinness affair raises new questions about the nature of the alleged offences and of the authorities' response to them. Is this just a bizarre sideshow, or does it mark a fundamental turning point in the conduct of business?

Five people have been arrested so far, in a drawn-out process which was guaranteed to secure the maximum amount of publicity. Scores of charges have been made, ranging from common law conspiracy to theft.

Compare this with the official response to other City scandals in recent times. Only a tiny handful of people were charged with offences following the secondary banking upheaval in the early 1970's, a period of gross abuses in the financial sector. Mr Jim Slater was the only prominent figure to be charged, and that with relatively trivial offences under the Companies Act. He was eventually convicted on 15 charges, and fined £15 on each.

More recently, the Director of Public Prosecutions has shown great reluctance to move against those involved in a whole range of frauds in the Lloyd's insurance market. Although some charges are now being pursued, the authorities at Lloyd's and in the Government both made it plain that they would have preferred quicker police action across a broader front.

The precise nature of the alleged offences in the Guinness affair will not become clear until the courts start to grind into action. But on current evidence, it appears that the events which took place during Guinness's struggle to acquire Distillers last year were different in scale from what had occurred in a number of other epic takeover battles.

In addition the UK charges allege that the accused falsified invoices used to collect indemnity payments from Guinness.

The company and its advisers went further and harder than others had done before in their determination to win the day, and turned to a rougher and increasingly questionable style of bid tactics was already well established. The actions for which men like Mr Gerald Ronson of the Heron Group and Mr Roger Seelig, formerly of Morgan Grenfell, have now been subjected to public scrutiny were not so different from those which had earned them plaudits and rich rewards in other times.

One of the reasons certain is that none of the people who have been arrested could have imagined at the time that they were running such risks. In January this year, Mr Gerald Ronson described his version of events in a public letter to the new chairman of Guinness. He told how he had agreed to prop up the price of Guinness shares, in return for a promise that any outlays it makes through the fees it receives from its client would be cut corners.

"This," he wrote, "did not seem to me at the time to be in any sense unusual or sinister."

Under the Companies Act, it is illegal for a company to give any form of financial aid to purchasers of its own shares, except in very limited circumstances. Yet there are grey areas between the boundaries of the law and accepted City practice.

A merchant bank adviser can quite legitimately try to persuade investors during the course of a bid that his client's shares are worth buying. But it

is not such a big step from that to much less acceptable practices - for instance, enlisting the support of those who might have strong commercial interest in the outcome of the bid.

Fierce competition between rival merchant bank advisers has led to other potential abuses. Although a company cannot indemnify people who support its shares, the law can be sidestepped if its adviser offers an indemnity on its own behalf, even if in practice the bank expects to recoup any outlays it makes through the fees it receives from its client at the end of the battle.

One relatively new practice in bids has been the payment of fees geared to success, whereby a merchant bank gets a huge reward if it wins the day, and very much less if it fails. This has given merchant advisers great incentives to commit their own capital to the struggle, and, occasionally, to cut corners.

There seemed to be no distinction to be done. Everyone knew, or thought, however, that the worst that could happen would be a slap on the wrist from the Takeover Panel. In the feverish atmosphere of a year or two ago, that began to count as winning one's spurs. The threat of Bow Street magistrates' court would have seemed ridiculous.

The question is why a transaction which Mr Ronson thought at the time was neither unusual nor sinister has landed him in

court, accused, among other things, with the theft of more than £6m from Guinness. The charges are highly unusual. According to academic lawyers, they have never been used in this way before and there is a view that the police may have over-reached themselves by bringing such serious charges. The contrast with the

ness offices last December. It has not just been a story for the financial pages: the Guinness affair has grabbed the public imagination as a saga of power, corruption and corruption. This was not something that could be quietly dismissed as a technical City matter.

Then again, there is the American connection. Mr Ivan

case. They have been given access to transcripts of all the evidence which has been collected by the Department of Trade's inspectors in their own, separate investigations. The inspectors, unlike the police, can compel witnesses to give evidence under the threat of imprisonment. At a time when the traditional right of a witness to remain silent has become a matter for public debate, the use by the police of evidence collected in this way could well become a contentious issue.

On top of all this, the politics of the Guinness affair have to be taken into account. A number of senior Tory ministers hold the City in low regard - more so, oddly enough, than do some of their Labour opposite numbers.

The City is seen as a place of limited vision and selfish interest. Some Tory ministers hold it in low regard.

Man in the News

Oscar Arias

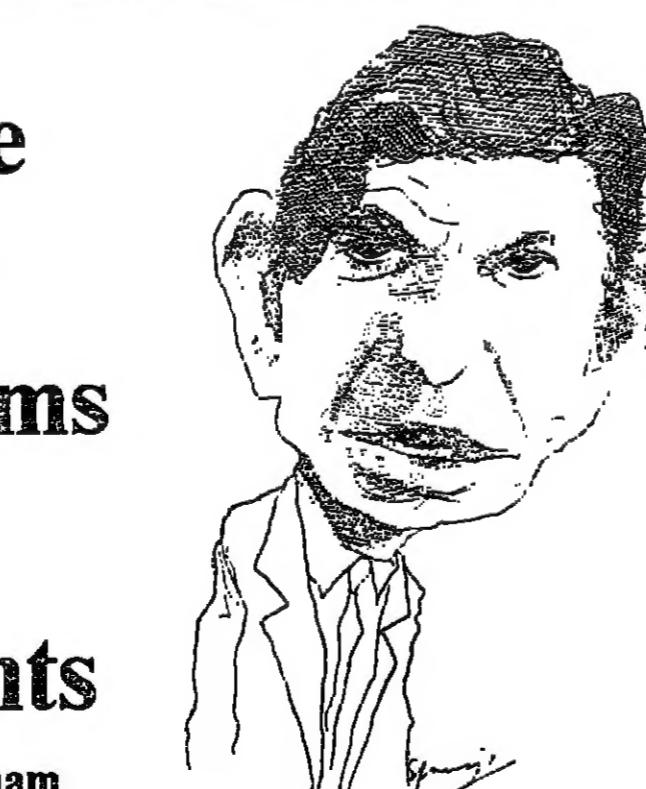
A prize fighter who aims to win on points

By Robert Graham

fect events in a way that previous awards have not done.

The prize could help the peace plan over its next obstacle: an absurdly unrealistic 30-day timetable for implementation of armistice, disengagement and political reconciliation on a country-by-country basis. Every element of the plan is meant to be in place by November 7, a deadline which will prove impossible to meet. The award of the prize to President Arias could, however, sustain the momentum of the deal and permit an extension of the timetable.

It could also increase pressure on the Reagan Administration not to undermine the plan. In the past few weeks President



Reagan has begun to move towards a grudging support for the plan, even though it risks marginalising the role of the contras, whom he terms "freedom fighters." The appeal of the plan lies in its symmetry: forcing democratic concessions from the Marxist-oriented Sandinistas while pushing the El Salvador Government to accommodate the demands of the country's left-wing guerrilla movement.

The mission of introducing a broad democratisation of Central America says as much about Costa Rica's unique position in the region as about President Arias himself. Costa Rica likes to boast of being the Switz-

erland of Central America. For this boast, the Costa Ricans - the "icos" - are deemed unbearably smug by their neighbours.

Less-developed by the Spanish conquistadores, Costa Rica avoided large landholdings and the traditions of a militarily dominated society. It attracted a wave of European immigrants in the 19th century who settled on smallholdings in the fertile valleys and sloping pastures of the volcanic mountain ranges that suggest an Alpine comparison.

Costa Rica was the first of the Central American countries to develop universal education, a system of social welfare and a vigorous parliamentary system. In 1949 it went one step further

and abolished a standing army - unheard of in Latin America - and established a tradition of neutrality. It is an exceedingly open society with little pomp surrounding its institutions. The independent police is the former headquarters of a Mexican-owned industrial concern and President Arias can jog without a bodyguard through the streets of the capital, San Jose.

A product of this neutralist environment, President Arias's career began in 1970 as presidential economic adviser. He moved on to be vice-president of the Central Bank Minister of Planning and then secretary-general of the Christian Democrat Party (PLN).

Well before winning presidential elections in 1986, he determined to do something to promote peace in Central America. His motives were not entirely altruistic: Costa Rica has suffered from the general sense of insecurity in the region (tourism has fallen and foreign investors are wary) and would suffer further if the war in Nicaragua spilled over to its territory.

Mr Arias felt that previous peace initiatives had been weakened by being directed externally. Costa Rica, he reasoned, was the only country which could take the initiative in a region which, despite political differences, shared common concerns and a common language.

One of the keys to President Arias's progress so far has been his own impartiality. He has refused to be bullied by the US - turning down four proposed US ambassadors as unsuitable and snubbing Col Oliver North's plans to use Costa Rica as a southern front for the contras. Yet he has not hesitated to criticise the Sandinistas for "betraying" their revolution.

But perhaps the main ingredient in his plan's success has been its sheer simplicity and boldness. In a war-weary region simple talk of peace has proved seductive. It has created what one diplomat has termed "a dynamic of incredulity" which has swept all the countries concerned along a path they never believed it possible to tread.

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Images of top businessmen leaving Bow Street magistrates court will not easily fade. But will the Guinness scandal change the City's ways? Richard Lambert reports

A stain not easy to wash out

- something that happens when entrepreneurial vigour and market forces are allowed to be taken too far.

This does not add up to a conspiracy theory - the idea that it was in the Government's interest to have an example made of the players in the Guinness drama. But the atmosphere in which opinions are formed and judgments are made is the office of the Attorney General and, separately, of the Director of Public Prosecutions, probably was one in which formal action would have been favoured. And even some senior City figures feel a sense of unease about the way that the first charges against Mr Ernest Saunders, the former Guinness chairman, were brought in the period immediately before the June election campaign.

The characters of the people who have been arrested are also relevant to the story. They are all what might be termed outsiders, in the sense that however good their other connections, they were not part of the City establishment. Mr Saunders had generated a great deal of hostility in his rush to the top, particularly in the way that he ousted Sir Thomas Clark, Governor of the Bank of Scotland, from the top job at Guinness. Mr Ronson has also been regarded with some distaste as a dealmaker of the toughest kind, and Mr Tony Parnes, the stockbroker who acted in various of the questionable transactions, was evidently known around the market as "the animal."

Mr Seelig worked for Morgan Grenfell, which is of course a fully fledged establishment. But the bank and, in particular, Mr Seelig himself had made a lot of enemies by aggressive and pushy behaviour in the takeover field on a whole series of occasions.

Again this point should not be overemphasised. But the fact is that the City likes the freedom that comes from being able to operate in grey areas, and becomes resentful if fresh newcomers queer the pitch by taking things that are out of order. One does not have to go along with Mr Saunders' views: claims darkly that there are "big and powerful forces" ranged against him, to accept the idea that few people will be shedding tears over the fate of those who have been arrested.

Will these remarkable events have a lasting impact on the conduct of business life? They are certainly having an impact on many of the City's takeovers bids as being fought. Dealmakers have had to give way to conventional business disciplines. Banks are thinking twice about accepting fees based on success, and about organising "stabilisation" programmes for the share prices of their clients. Company chiefs must now be questioning more closely than they did before whether the markets justify the end in a takeover battle.

For all these reasons, contested bids are going to be harder to win for the time being. Just as drivers on a motorway tend to slow down for a while after passing an accident before picking up speed again, so it may be that the Guinness hangover will wear off in time. No one can say whether this will turn out to be a one-off spectacular or whether the authorities really have changed their approach to controlling the City.

But whatever the final outcome of the cases which are now under way, the images which we have seen this week of prominent businessmen under arrest will not be quickly forgotten. That, presumably, was the intention.

AIR FRANCE //

THREE POLICEMEN discreetly watch a group of black youths congregating in Wolverhampton town centre, in the UK Midlands. Two of the officers are wearing standard police helmets; the third a dark-blue, standard police turban.

It is nearly 20 years since Mr Enoch Powell, then a Wolverhampton MP, made his "rivers of blood" speech in Birmingham calling for the voluntary repatriation of members of ethnic minority communities.

In those days, the West Midlands seethed with rows over whether Sikh men were entitled to wear turbans, and whether black people should be served in predominantly white pubs and clubs. Today, the sight of a police turban attracts little public interest, but despite this symbol of progress, relationships between young blacks and the police, whatever headgear they wear, are appalling in many urban areas and the numbers recruited to the police force from ethnic minorities remain low.

British race relations in the late 1980s raise countless contradictions. In Dewsbury, white parents say that they object on cultural rather than racial grounds to sending their children to a school where most pupils are of Asian origin. Many race relations specialists find this a dubious claim.

But in the neighbouring West Yorkshire district of Calderdale, a more far-reaching development in the education system is attracting less national attention. Here the local education authority is overhauling its arrangements for teaching English as a second language, following a Commission for Racial Equality (CRE) decision to practise of busing certain children - mainly of Asian origin - to special language units constituted unlawful discrimination under the Race Relations Act.

The local authority co-operated with the CRE investigation and as a result of the case, all other education authorities are being recommended by the commission to review the way they teach English as a second language.

The somewhat quieter atmosphere in which it is now permissible to consider racial issues is an undoubted improvement on the position 20 years ago, but is not in itself proof of fundamental progress. Mr Euston Warner, Wolverhampton's senior community relations officer and a West Indian thinks that things have failed to get better for the town's ethnic minorities.

If you go back 20 years, there was an open invitation to discriminate. People did not have to feel embarrassed about displaying racial discrimination. The law has helped to change that, but it has not created a different climate. Everyone is today talking about being an equal opportunity employer - it is the fashionable thing - and nobody avoids making such claims. But

The Government's inner cities policy, says Alan Pike, is missing the racial point



Black holes in the renewal mission

in terms of the final, practical outcome for black people, there has been virtually no change for the better."

Official statistics support Mr Warner's judgment. Black people are twice as likely to be unemployed as whites. Amongst the groups, the disparity is even worse than this - the last Department of Employment Labour Force Survey showed that 48 per cent of Pakistani/Bangladeshi 16-24 year olds were unemployed, compared with 16 per cent of whites. Although members of ethnic minorities use Jobcentre services more than whites, it takes longer for them to find work.

In addition to their disproportionate share of unemployment, black people are particularly likely to suffer bad housing conditions and other forms of poverty and deprivation. Still worse, Asian families in some parts of the country endure the fear and indignity of personal harassment and violence. It is a depressing sign that Mr Peter Imber, the new Metropolitan Police commissioner, should have had to make combatting racial attacks one of his first priorities.

The Race Relations Act and the CRE are 10 years old this year. Despite that time the commission has consistently pursued initiatives to translate general declarations of good will into the measurable, positive outcomes for black people

that Mr Warner is seeking, and it has encouraged other organisations to do the same.

There is today no shortage of initiatives and experiments, many of them encouraging employers to offer training and willingness to turn the fine-sounding language of equal opportunity policies into action by collecting information on the ethnic origins of job applicants and, in some cases, existing employees. This can become the starting point for positive action to recruit, train and promote under-represented groups.

Some organisations, the civil service among them, have stepped up efforts to encourage applications from ethnic minorities and are reviewing entry requirements to ensure there are no unnecessary barriers.

One or two much-needed schemes to increase the proportion of black senior managers in British industry and commerce - are also making headway. The Windsor Fellowship is an example. Founded by representatives of Business in the Community, Project Fullemploy and CitiBank, it offers a combination of residential education and work experience for young black people in the inner cities: "employment and training for young black people on a large scale."

Mr Aaron Haynes, CRE chief executive, makes a similar point: "We have got to increase the supply of competent, trained young black people. The labour market is a competitive place and there have to be more skilled black people in there competing. I believe we have done a reasonably good job in convincing employers to take equal opportunities more seriously and introduced monitoring and record keeping. But more has to be done to train

the workforce to recognise the potential management trainees.

No figures are collected on the number of British-born black students at universities and polytechnics (an applica-

tion of traditional liberal values which infuriates race relations activists, who regard the collection of accurate information as a prerequisite for change). But more than 60 would-be managers applied to the Windsor Fellowship this year and the scheme is to be expanded.

Valuable as such small-scale initiatives are, black people are seeking much bigger and more basic steps forward which would reach average young blacks as well as exceptional ones. The Government's inner cities strategy is seen as an opportunity to bring this about.

Mr Warner is not alone about the most vital ingredient needed to improve the relative position of ethnic minority communities: or, to put it at its most extreme, prevent further riots and disturbances in the inner cities: "employment and training for young black people on a large scale."

Mr Aaron Haynes, CRE chief executive, makes a similar point: "We have got to increase the supply of competent, trained young black people. The labour market is a competitive place and there have to be more skilled black people in there competing. I believe we have done a reasonably good job in convincing employers to take equal opportunities more seriously and introduced monitoring and record keeping. But more has to be done to train

the workforce to recognise the potential management trainees.

No figures are collected on the number of British-born black students at universities and polytechnics (an applica-

black people to take advantage of the opportunities when they arise."

He regards the inner cities strategy as the chance to launch such action, but does not believe the Government has grasped the importance of training as a route to change. He wants Ministers to introduce specific training and job-creation targets into their action programme.

"The problem of black unemployment seems enormous if you see it in percentage terms. But viewed in actual numbers it looks much more manageable. If we were to find 200,000 jobs for young black 18-25 year olds, we would have virtually wiped out unemployment among that group. Creating only half that number of jobs would have a tremendously encouraging impact in the inner cities."

The specific job creation targets are necessary, says Mr Haynes, to give everyone involved in the inner cities strategy real goals and to make the programme with credibility. The Government has so far shown itself to be distinctly unenthusiastic about this type of targeting or other forms of "positive discrimination," but Mr. Haynes judges that his ideas would be acceptable to local white people, provided they saw that they were not being excluded from their share of training and employment opportunities.

"If the inner cities strategy becomes a vehicle for really attacking unemployment among young blacks and building up their skills, all the other problems that sometimes get associated with black people - like poor housing and trouble with the police - would diminish and could be tackled on a downward curve."

After this year Mr Haynes will demonstrate his personal commitment to training as a route to equal opportunities. He is leaving the CRE to work with the Community Roots Trust, another small-scale initiative dedicated to preparing young blacks for leadership positions in local government, voluntary agencies and the private sector.

Might the Government's inner cities strategy - still a rather vaguely defined concept as Whitehall departments barter over who should do what - bear fruit in a laudable version of the same thing?

With only one or two exceptions, the task force areas designated by the Government have large ethnic minority populations. It cannot have escaped ministers' notice that an inner cities strategy which does not improve opportunities for such a large section of the people involved will be deemed a failure.

On this page in the issue of October 16, photographs by Mr Noboru Takehiko and Mr Shintaro Abe were reproduced. We apologise for the error.

Stimulating tax levels

From Mr C Evans
Sir - Your statement (October 10) made by Mr Gordon Brown, the Chief Secretary to the Treasury, that millions of pounds in revenue is being lost to the Treasury and abuses in the tax system is simply not true.

There is no doubt that there was a thriving tax avoidance industry throughout the previous term of the Labour administration, which was stamped out almost immediately the Tories came to power in 1979. The previous heyday of the tax avoidance industry was supported by the politically motivated levels of taxation under the Labour Government, which reached the confiscatory rate of 98 per cent on investment income. This was provocatively referred to as "unearned income," despite the fact that it often represented the investment returns from life savings out of earnings, which had been ploughed back into the community by means of capital investment.

While clearly companies and individuals continue to take advantage from accountants, solicitors, bankers and other advisers specialising in minimising taxation, the advice from all quarters is simply that "tax schemes will not work," due to the fundamental changes in the interpretation of the tax laws which started at the end of 1979.

At that time there was a complete reinterpretation by the judiciary of the taxing statutes which has enabled the Inland Revenue to set aside anything which resembles a tax avoidance scheme of the use of loopholes. The first case, the Inland Revenue v Ramsay, reversed an entirely legal tax avoidance loop-hole scheme, by attacking the "intention" of the parties. This has been extended by subsequent cases, so that now it can be shown that the primary intention behind any transaction, or parts of a larger transaction, were solely for the purposes of reducing taxation, they can simply be disregarded by the Inland Revenue, so that the full and often maximum level of tax become payable.

Perhaps the more important truth is that the current levels of taxation, businesses and high income individuals are willing and often wishing to pay the taxes, which in the main are seen as fair and reasonable, stimulating the investment essential for a healthy economy.

The further statement by Mr Brown that the Tories are working by "stealth and manipulation" is best an illustration of simple blind political bigotry, or at best an ill-informed opinion subjectively expressed from a viewpoint which does not encompass the activities of the individuals and companies which are achieving so much in Britain today. To most informed

Letters to the Editor

individuals working in higher management and investment, the message from the Tories has been clear, and is some cases painfully clear: "The levels of taxes will be reasonable, but you will damn well pay them". My Gordon Brown no doubt genuinely feels the need to say something, but he would be supported by the tax courts, he would also have difficulty in denying that the present levels of taxation have stimulated investment and economic growth throughout the country.

Multi-channel television

From the Director, Cable Television Association.

Sir - Philip Orwell (Oct 9) exhibits a quite remarkable ignorance of the cable industry for one whose firm is apparently concerned with Strategic Technology.

The cable industry has demonstrated very clearly that there is undoubtedly a market for multi-channel television for which subscribers are prepared to pay, and that the twenty channels currently being delivered by broadband operators is a much more attractive proposition than just providing an extra four channels.

The industry believes that there is good business in providing telecommunications services to commerce and industry (thus providing competition to BT at the local level) and is investing substantially in the necessary plant.

As retailers of multi-channel television, the industry is well placed to distribute DBS channels to those very many homes without direct line-of-sight to the satellite.

The reason why the cable industry wants to be able to use MMSDs, as clearly stated by Ray Snoddy, is because it enables the cable operator to reach practically all of his market from day one, rather than the four or five years it takes to construct a network. The resultant early cash flow will do much to transform the otherwise difficult investment characteristics of cable.

Nicolas Mellish,
50 Frith Street, W1.

channels are needed in order to tap the main demand, and therefore the principal revenue available, for enhanced television, the old four channel cable systems would have been as successful as the new 25-channel networks in attracting paying subscribers. It is well known that they have not, by a long way.

The fact is that the demand for television choice is far more diverse and complex. The capability of broadband cable allows it to meet many more specific demands for television services. All the evidence is that viewers are demanding not merely more choice, but the ability to exercise their own choice. Cable offers that.

More importantly, cable is a competitive telecommunications medium. When Mr Orwell writes of interactive services for which there is no demand can he be including the telephone? The first alternative telephone services will be provided by cable operators shortly.

The Cable Authority's interest in MMSDs, does not indicate any lessening of interest in cable on our part. We see MMSDs as a medium which can deliver some choice in television quickly to uncabled areas but which, if handled properly, can also hasten the arrival of the more comprehensive choices.

In conclusion, the Government maintains unambiguous capital confirmation of such dimensions, never before seen in any save Communist countries, there will be little criticism that the Party can offer when dealing with anti-capital measures proposed by the Labour party.

The amendment could be easily made, either by substituting "1985 or later date of acquisition" for "1982" in the 1982 Act (or a more rough and ready method) by exempting all sales under compulsory purchase and all sales of assets that had been held for 10 or 12 or 20 years.

The Treasury, as usual on such occasions, has urged that legislation would be too expensive, but there would in fact be little loss or revenue, since except in the case of an enforced sale the effect of the tax is to freeze such assets until death, when they can be sold without liability.

Such distortion of the capital economy cannot be other than damaging.

Moreover, its administration is becoming more and more impractical. It is now necessary for negotiations and compromise between the trustees and the employer. This means that the individuals concerned will have to talk amongst themselves because more often than not a pension fund's trustees are also directors of the employing company.

Under the circumstances there ought to be little difficulty in arriving at a compromise.

I.R.Caldicot,
C.E. Heath (Employee Benefits),
169 King's Road,
Reading, Berks.

Choice in viewing

From the Director General,

Cable Authority.

Sir - Mr Philip Orwell (Oct 9) takes a very restricted view of the market for cable.

Were it true that only four

fort in the vehicles for passengers making longer journeys.

Mr P Edmonds,
24 Eversholt Street NW1.

Distortion of the economy

From Mr S Scammell.

Sir - It is now 8 years since a Conservative Chancellor

exercised a strong view on the iniquity of a capital levy (at 30 per cent) on gains that were non-existent in real terms being merely a reflection of inflation. Thereafter Sir Geoffrey Howe, over successive years said that it was "intolerable" and "iniquitous" that "tax should fall on gains that are no more than paper gains"; and then in 1982 announced proposals that continued that.

In 1985 the Chancellor said "to present taxation provision unfairly discriminates against those who acquired their assets prior to 1982" and then once more allowed it to remain.

An asset (as for instance land) held in 1985 has done no more than appreciate in line with inflation still pays a capital levy of about 20 per cent of its current value on sale, being paid on the paper-gain over the period 1985-88.

Mr. C. Scammell, Conservative Member of Parliament for Cheltenham, Gloucester and Stroud, has written to the Chancellor of the Exchequer, asking him to reverse this distortion of the economy.

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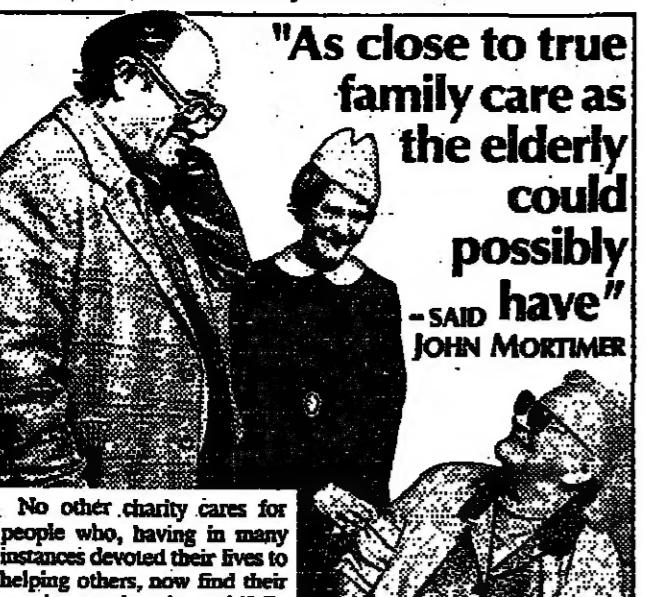
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"As close to true family care as the elderly could possibly have"
- SAID JOHN MORTIMER

No other charity cares for people who, having in many instances devoted their lives to helping others, now find their pensions and savings pitifully inadequate to maintain even a modest degree of comfort and dignity. But the DGAA moves fast to bring them financial aid and caring counsel - ideally in their own familiar homes but, when needed, in thirteen Residential and Nursing Homes where care is truly professional and sincere.

For ninety years we have maintained our unique service, but without direct State aid, we depend very much on donations from thoughtful, caring people like you. Please, please help - while you are able.

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GRANVILLE SPONSORED SECURITIES

	High	Low	Company	Price	Change	Chg.(p)	%	P/E	Gross Yield
204	135	133	Aas. Brit. Ind. Ordinary	203	-	7.3	3.6	12.4	
206	145	145	Aas. Brit. Ind. CULS	203	-	10.0	4.9	-	
41	34	34	Armitage & Rhodes	34	-	4.2	12.4	4.8	
124	57	57	BBB Design Group (USM)	57	-1	2.1	2.1	15.8	
185	198	198	Beecham Group	197	-	1.7	1.7	32.0	
186	95	95	Brown Technologies	95	+1	4.7	2.5	14.9	
261	250	250	CCL Group Ordinary	2610	+1	11.5	4.3	7.2	
247	99	99	CCL Group 13% Conv. Pref.	147	-	15.7	10.7	-	
173	134	134	Carboneum Ordinary	170	+2	5.4	3.3	14.8	
102	97	97	Carboneum 7.5% Pref.	102	-	10.7	10.5	-	
179	87	87	George Blair	179	-	3.7	2.1	4.6	
242	119	119	Hals Group	120	-	3.1	3.1	-	
120	102	102	Hartshorn Group	102	+1	3.2	1.5	11.5	
1185	121	121	James Burrough	125	-	12.2	1.5	26.9	
133	86	86	James Burrough 9% Pref.	133	-	12.9	9.7	-	
760	500	500	Multihause RV Am(SE)	505	-	20.0	-	-	
700	552	552	Record Ridgeway Ordinary	700	-	1.4	1.4	-	
87	82	82	Record Ridgeway 10% Pref.	87	-	14.1	16.2	-	
91	66	66	Robert Jenkins	67	-	3.0	-	-	
124	42	42	Sorcarus	124	-	-	-	-	
246	147	147	Town & Castle	224	-	6.6	2.9	10.9	
48	38	38	Trellick Holdings	38	-	0.8	1.8	4.9	
131	75	75	Wastelock Holdings (SE)	75	-	2.8	2.0	14.1	
264	115	115	Walter Alexander (SE)	261	-	5.9	8.7	19.3	
201	190	190	W. S. Thomas	201	-	27.4	8.7	20.1	
175	96	96	West Yards Ind. Hosp. (USM)	170	-	5.5	3.2	18.0	

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of FTMBRA.

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CHINA

16 DECEMBER 1987

The Financial Times proposes to publish a major survey on China on Wednesday, 16 December 1987.

Topics to be covered in the survey include:

POLITICS
FOREIGN RELATIONS
ECONOMY
BANKING & FINANCE
TRADE & INVESTMENT
FOREIGN INVESTMENT
JOINT VENTURES
INDUSTRY
COAL
OIL
NUCLEAR INDUSTRY
ELECTRIC POWER
IRON & STEEL
AGRICULTURE
THE PROVINCES
ARTS & SOCIETY
TOURISM

For more details about advertising in this survey and a copy of the editorial synopsis,

01-248 8000

and ask for Simon Timms ext: 3276
Telex: 885033 FINTIM C Fax: 01 248 4601

FINANCIAL TIMES

Europe's Business Newspaper

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS		Thursday October 15 1987				Wed Oct 14		Tue Oct 13		Mon Oct 12		Year ago (approx.)		Highs and Lows Index						
Index No.	Days' Change %	Ext. Earnings Yield (%) Max. (Act at 27/9)	Gross Div. Yield (%) Max. (Act at 27/9)	Ex-Rate Ratio (%) Max. (Act at 27/9)	Adj adj. to date	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	High	Low	High	Low	Since completion	High	Low
Figures in parentheses show number of stocks per section																				
1 CAPITAL SERVICES (214)	-0.8	6.5%	2.8%	18.02	18.17	1018.11	1014.59	1007.25	1011.30	1008.07	1017.10	1004.73	2/1	1008.07	14.67	1007.10	1008.07	1008.07	1008.07	
2 Building Materials (30)	-0.7	2.9%	16.58	124.87	125.52	1202.36	764.33	1204.59	1201.88	1204.59	1201.88	1204.59	2/1	1204.59	14.67	1204.59	1204.59	1204.59	1204.59	
3 Contractors, Construction (33)	-0.9	6.6%	2.67	20.01	19.87	1065.88	517.91	1070.43	1067.58	1067.58	1067.58	1067.58	2/1	1067.58	14.67	1067.58	1067.58	1067.58	1067.58	
4 Electricals (24)	-2.5	5.84	3.42	16.61	16.48	2596.51	2596.50	2596.51	2596.51	2703.95	207	1772.22	2/1	2703.95	30.67	1772.22	1772.22	1772.22	1772.22	
5 Electronics (24)	-2.3	7.4	2.34	17.94	18.00	1021.11	1016.59	1016.59	1016.59	1021.11	1021.11	1021.11	2/1	1021.11	14.67	1021.11	1021.11	1021.11	1021.11	
6 Mechanical Engineering (60)	-0.6	6.74	2.16	18.56	18.96	516.08	514.57	516.08	514.57	516.08	514.57	516.08	2/1	516.08	14.67	516.08	516.08	516.08	516.08	
7 Metals & Metal Forming (7)	-1.1	5.82	2.77	16.53	16.52	481.50	478.12	481.50	481.50	481.50	481.50	481.50	2/1	481.50	14.67	481.50	481.50	481.50	481.50	
8 Motors (14)	-0.8	7.17	2.77	16.33	16.32	101.40	100.94	101.40	101.40	101.40	101.40	101.40	2/1	101.40	14.67	101.40	101.40	101.40	101.40	
9 Other Industrial Materials (22)	-0.1	6.07	2.07	16.33	16.32	1710.71	1704.31	1704.31	1704.31	1704.31	1704.31	1704.31	2/1	1704.31	14.67	1704.31	1704.31	1704.31	1704.31	
10 CONSUMERS GROUP (18)	-0.8	6.19	2.63	20.95	18.23	1034.47	1035.50	1034.47	1034.47	1034.47	1034.47	1034.47	2/1	1034.47	14.67	1034.47	1034.47	1034.47	1034.47	
11 Breweries and Distillers (22)	-0.2	6.35	3.05	15.00	15.00	1223.46	1223.46	1223.46	1223.46	1223.46	1223.46	1223.46	2/1	1223.46	14.67	1223.46	1223.46	1223.46	1223.46	
12 Food Manufacturing (23)	-0.1	6.19	2.49	16.55	16.54															

INTL. COMPANIES & FINANCE

Unions in \$1.5bn bid for Santa Fe Southern

BY ANATOLE KALETSKY IN NEW YORK

THE UNIONISED employees of Santa Fe Southern Pacific, the second biggest US rail company, have made a formal offer to buy the 13,000-mile Southern Pacific railroad.

The offer, worth \$750m in cash plus more than \$900m in debt assumption, came in response to the government-ordered break-up of SFSP, which tried to merge two of the nation's biggest railway systems in 1983 and has been fighting legal battles against the Interstate Commerce Commission ever since.

SFSP finally abandoned its efforts to overcome the anti-trust objections in August and announced that it would sell

Southern Pacific, setting this weekend as the deadline for bids to be received.

Immediately after the plan to split the railways was announced, a consortium of 17 unions representing Southern Pacific's 25,000 employees announced that it was preparing an offer with the backing of Drexel Burnham Lambert, the leading Wall Street specialists in highly leveraged takeovers.

Although full details of the offer were not disclosed, the unions said that they would take over all Southern Pacific's debt and other liabilities, agree to cost savings, including a labour cost cut pass back to Santa Fe certain of the tax cred-

its presently attached to the Southern Pacific unit.

The unions put the total 'economic value' of their offer at \$3.6bn, although the cash payment of \$750m and the \$800m of debt assumed by the United Pacific company on its balance sheet, suggests that the financial value of the offer, not counting any wage concessions the union may be including in its calculations, will be around \$1.5bn.

The unions also said that Southern Pacific's management were submitting a separate, but 'parallel' offer to the SFSP board. The two groups said that they were still working towards making a joint offer for the rail-

REIL in control at Wormald

BY BRUCE JACQUES IN SYDNEY

REIL CORPORATION, the entrepreneurial Australian investment group, has emerged with potential control of Wormald International, a manufacturing conglomerate capitalised at around A\$700m (US\$510m) following a complex deal with Mr Lee Ming Tee, Wormald's chairman.

The deal, which has been anticipated in share markets marks Wormald's second major shareholding change in as many years, with Mr Lee winning control of the group in 1985.

REIL, a fast-expanding group headed by Mr Phillip Cave, has made agreements which will

see it purchase, subject to shareholders' approval, a 40 per cent interest in Wormald. This would rise to 47 per cent under a related options deal.

The first step is for REIL to acquire rights to 14 per cent of Wormald's capital from outside interests. REIL will take further rights to lift its interest in 17 per cent and the Wormald board will recommend that shareholders approve the acquisition by REIL of a further 23 per cent from Sunshine Australia, the company's affiliate.

Wormald will also issue 50m options to REIL exercisable at yearly intervals. Mr Lee, who

will remain chairman of Wormald, said the deal would provide significant benefits to the company and was a logical extension of the restructuring he had initiated.

Mr Lee has restructured the company's capital base, replacing short-term debt with a mixture of long term paper and equity. He has also divested assets worth more than A\$100m.

Mr Cave said he planned further development of the group which has one third of its assets in Australia, Europe and the US. Its main activities include fire protection, security products and precision equipment.

United Tech extends recovery

BY OUR FINANCIAL STAFF

THE RECOVERY at United Technologies, the Hartford-based high technology products group, has continued across with third-quarter earnings advancing by 51 per cent to \$165m, or \$1.28 a share, from \$108.2m, or 80 cents, in the corresponding year-ago period.

It has recorded nine-month profits to \$419.2m, or \$3.20, representing an increase of 39 per cent on the \$300.7m, or \$2.17, registered at the same stage last year.

Earnings for 1986 were depressed by huge write-offs for

restructuring and employee reductions and losses for certain defence contracts. Last year's nine-month figure includes a net loss of \$90m, or 75 cents a share, from estimated shortfalls at the group's Noridian Systems unit.

Revenues for the latest nine months improved by 10 per cent to \$12.4bn from \$11.27bn, with the second quarter generalising \$4.21bn against \$3.85bn.

The group, which is a leading manufacturer of commercial and military aircraft jet engines and helicopters, said the latest

results were led by strong performances at Pratt and Whitney, the automotive group, and Esco, a manufacturer of wire and cable.

The group added that the order backlog increased to \$14.5bn at September 30, from \$13.4bn a year ago.

In 1986, net earnings plunged to \$400m, or 32 cents a share, from \$930m, or \$6.58, previously on income of \$15.07bn against \$14.92bn.

Wall Street is looking for earnings of about \$4.50 a share for the whole of 1987.

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United Tech finds the going tough

BY OUR NEW YORK STAFF

LOCKHEED, the West Coast defence contractor which is struggling with a decline in orders, reported a 12.2 per cent fall in third-quarter earnings to \$101m, or \$1.52 a share, on a million-share basis.

The California group, which has been the subject of fifth takeover speculation this year, said that earnings were cut by a \$6m charge to cover losses on the closing of its loss-making Seattle shipyard. Without the shipbuilding losses in either

period, earnings would have fallen from \$116m to \$10m.

Sales, which include a peak contribution from the large C-5B military transport aircraft programme, were \$2.71bn against \$2.57bn in the 1986 September quarter.

Earlier this year the nine-month stage were \$227m, or \$4.33 a share, against \$238m, or \$4.51 a share. Excluding the shipbuilding operations, earnings were little changed at \$302m in the first nine months. Sales

were \$8.11bn against \$7.33bn.

But for bouts of takeover fever, Lockheed has been out of favour with Wall Street for two years because of doubts that the company can develop a business to replace the vast six-year C-5B programme which runs out sharply from 1992.

Already at the end of September, Lockheed's funded order book was down to \$2.7bn as against \$3.6bn at the end of 1986.

Analysts expect earnings to rise 10 per cent for 1987, compared with 1986.

Bergen Bank's earnings ahead at operating level

BY KAREN FOSSI IN OSLO

BERGEN BANK, Norway's third-largest bank, increased its operating profit in the first eight months by Nkr65m (US\$6m) before loan-loss provisions and net losses compared with the same period last year.

Earnings per share, however, declined to Nkr1.50, compared with Nkr1.50, for the same period in 1986. The bank's operating profit - measured in relation to average equity - also slipped to 0.6 per cent in the first half, compared with 0.8 per cent in last year's eight-month period.

Bergen Bank saw a strong growth in total assets and a substantial increase in its share capital. Total assets for the bank rose by 33 per cent to Nkr3.6bn.

In this period lending increased by 27 per cent to Nkr3.5bn. Deposits from non-

bank customers increased to Nkr225m, up 7 per cent. Net interest income as a percentage of total assets also declined in 1987, from 3.08 per cent to 2.85 per cent.

Bergen Bank augmented earnings, however, by Nkr3m to reach Nkr57m in foreign exchange activities, and by trading in shares and bonds.

For 1987, total losses are expected to be somewhat above the 1986 level, reaching 0.6 to 0.7 per cent of lending, which will amount to Nkr300m to Nkr350m.

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Bergen Bank saw a strong growth in total assets and a substantial increase in its share capital. Total assets for the bank rose by 33 per cent to Nkr3.6bn.

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CURRENCIES AND MONEY

FOREIGN EXCHANGES

Pound and dollar quiet

CURRENCY TRADING was confined to a narrow range in London yesterday after very bad weather kept most people at home. Many banks stayed open long enough to hand over business to New York which meant that trading in the afternoon in London was virtually non-existent.

The dollar was slightly firmer overall, helped by a little short covering ahead of the weekend. However, official economic trading trade figures still held steady and many dealers were looking for a weaker dollar next week.

However, there was still a note of caution because so far central banks had not intervened to support the dollar but at the same time officials were still actively pledging their determination to honour the Louvre accord of earlier this year. Some dealers suggested that it would lead to a lower target range for the dollar but that central banks were likely to intervene if the pace of the decline became anything more than sedate.

US statistics released yesterday included a 0.3 per cent rise in producer prices and a 0.2 per cent

increase in industrial production. These helped to allay fears that inflationary pressure would force the US authorities to increase interest rates.

The dollar closed at DM 1.8005 from DM 1.8005 and Y142.75 compared with Y142.10. Elsewhere it finished at SF 1.4933 and FF 6.0150 compared with FF 6.01. On behalf of England, figures in the Bank of England's index closed at 100.2 from 100.1.

Sterling remained steady for most of the day, finishing with an exchange rate index of 72.6 from 72.5. Better than expected PSBR figures added to the pound's generally bullish undertones. Against the dollar it closed at \$1.6033 from \$1.6045 and DM 2.9955 compared with DM 2.9875. It was higher against the yen at Y227.50 from Y226.50 and finished elsewhere at SFY 2.4850 from SF 2.48 and FFY 10.0050 compared with FFY 10.0025.

DEUTSCHE MARK — Trading range against the dollar in 1987 is 1.7650-2.1550. September average 1.8105. Exchange rate index 145.3 against US dollars six months ago.

Trading in London was severely disrupted by bad weather and can't seem some of the rates quoted below are nominal.

\$ IN NEW YORK

Oct. 16	Latest	Previous Close
U.S. dollar	1.6057-1.6067	1.6050-1.6050
1 month	1.61-1.6100	1.60-1.6020
12 months	1.62-1.6200	1.60-1.6030

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

Oct. 16	Latest	Previous
8.30 am	—	73.5
9.00 am	—	73.5
10.00 am	—	73.5
11.00 am	73.5	73.4
Noon	—	73.5
1.00 pm	73.5	73.4
2.00 pm	73.5	73.4
3.00 pm	73.5	73.5
4.00 pm	73.5	73.5

Forward premiums and discounts apply to the US dollar.

CURRENCY RATES

Oct. 16	Bank of England Index	Special & Driving Rates	European Currency Units
U.S. Dollar	1.24627	1.12421	
Australian	1.27	1.1252	
Austrian Sch	14.4465	14.6173	
Belgian Franc	40.4511	43.2250	
Canadian	1.27	1.1252	
Deutsche Mark	2.33672	2.07637	
French Franc	2.2771	2.3359	
Italian Lira	12.94	12.9394	
Japanese Yen	212	184.54	
Norwegian Krone	8.1	8.55129	
Swiss Franc	1.21773	1.21123	
Swedish Krona	7.1	6.21773	
Swiss Franc	1.21773	1.21123	
Greek Drach	207	17.007	
Iraq Dinar	NA	NA	NA

*CS SDR rates for Oct. 15: 1.60096

CURRENCY MOVEMENTS

Oct. 16	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.5	-19.9
U.S. Dollar	1.24627	1.12421
Australian	1.27	1.1252
Austrian Sch	13.76	+10.0
Belgian Franc	40.4511	43.2250
Canadian	1.27	1.1252
Deutsche Mark	14.849	+21.5
French Franc	1.21773	1.21123
Italian Lira	12.94	12.9394
Japanese Yen	212	184.54
Norwegian Krone	8.1	8.55129
Swiss Franc	1.21773	1.21123
Swedish Krona	7.1	6.21773
Swiss Franc	1.21773	1.21123
Greek Drach	207	17.007
Iraq Dinar	NA	NA

All Morgan Guaranty changes % are for Oct. 14

OTHER CURRENCIES

Oct. 16	U.S.	£	Yen
Australia	2.3030	1.3605	1.3601-1.3670
Brazil	—	—	—
Finland	7.2000-7.2170	4.3525-4.3545	—
France	—	—	—
Hong Kong	12.9425-12.9535	7.8009-7.8025	11.1810-11.1910
Iran	62.3-62.45	37.45-37.55	—
Ireland	—	—	—
Malaysia	4.1875-4.2000	2.5255-2.5265	—
New Zealand	2.5990-2.6045	1.5172-1.5180	—
Spain	6.1800-6.2300	3.7500-3.7510	—
Sweden	6.2180-6.2200	3.7500-3.7510	—
U.S. (P.M.)	2.3820-2.4005	1.4070-1.4285	—
S. Africa	—	—	—
Taiwan	38.70-38.85	20.95-21.05	—
U.K.	6.0880-6.1025	3.6750-3.6775	—

*Sterling rate.

MONEY MARKETS

Bad weather halts trading

TRADING WAS virtually at a standstill in the London money market yesterday as heavy winds disrupted transport and electric supply. Many banks did not open at all and those that did had a skeleton staff.

The Bank of England issued a statement saying it was due to be fully staffed as usual by the end of the day. It would not be operating in the money market and had suspended its normal forecast on the state of the market liquidity. It added that trade settlement would be almost impossible and it saw no alternative but to postpone settlements due today until Monday.

UK clearing bank base lending rate 10 per cent since August 7

Last in the day the major clearing banks announced that they had agreed not to take part in any clearing or sterling cash or bills business yesterday until Monday.

Three-month interbank money was quoted at a nominal 10%-10.14 per cent compared with 10%-10.14 per cent.

The weekly Treasury Bill tender still took place and the average rate of discount rose slightly to 9.7654 per cent from 9.7078 per cent. The £100m of bills on offer attracted bids of £95.5m compared with £91.2m for a similar amount the previous week and all bills on offer were allotted.

The minimum accepted bid was £9.56 from £9.35, mean to about 90 per cent of all bills in full compared with 85 per cent. Next week, a further £100m of bills will be on offer, replacing a similar amount of maturities. In addition to the £100m of 91-day bills, the Bank is also offering £500m of 63-day bills, as part of a plan to overcome liquidity shortages normally experienced in January.

In Frankfurt interest rates were mostly steady. Liquidity levels were relatively high, helping to offset recent concern about the

trend of rising rates. Dealers were still uncertain about the upward move given to rates by the Bundesbank, ideally through offering another sale and repurchase facility at a fixed rate, trading conditions were likely to remain nervous.

In Brussels the Belgian central bank increased the import three-month Treasury bills rate to 7.15 per cent up from 6.65 per cent.

At the same time it increased one month rate to 6.75 per cent.

Indication prices. In the City of London the Bank of England announced a further increase in the base rate to 10.14 per cent from 10.04 per cent.

Interest rates were the arithmetic mean, rounded to the nearest one-tenth of a per cent, of the bid and offer rates for £100m quoted by the market to five reference banks at 11.00 a.m. each working day.

The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de

Paris and Morgan Guaranty Trust.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

Long-term Eurodollar: Two years 10%-10 per cent; three years 10%-10 per cent; four years 10%-10 per cent; five years 10%-10 per cent nominal. Short-term rates are call for US dollars and Japanese Yen, two days' notice.

EXCHANGE CROSS RATES

Oct. 16	E	S	DM	Yen	F Fr	£	Fl	Lira	C \$	Fr
E	1	2.995	2.975	10.01	1.494	2.025	1.03	2.159	62.45	2.37
S	0.401	1.010	1.025	3.07	0.307	0.427	0.20	0.25	3.75	0.29
DM	0.334	0.555	1	7.93	0.341	0.425	0.21	0.272	7.02	0.28
Yen	7.004	12.63	10.03	1	0.445	0.428	0.20	0.265	24.28	0.28
F Fr	1.000	1.663	2.994	10.00	1.249	1.257	0.61	0.782	6.02	0.251
£	0.403	0.665	1.005	15.97	0.297	0.27	0.13	0.187	1.25	0.18
Fl	0.297	0.492	0.880	70.42	0.267	0.277	0.13	0.182	4.04	0.18
Lira	0.769	1.305	10.03	1	0.277	0.268	0.13	0.182	10.02	0.18
C \$	0.463	0.778	1.367							

LONDON STOCK EXCHANGE

DEALINGS

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should not be regarded as having been made in the FT Stock Exchange Services. Unless otherwise indicated prices are in pence. The prices are those at which the Exchange Teltex system, the computer, places orders up to 5 minutes after the Stock Exchange has closed but is an ascending order which denotes the day's highest and lowest dealing prices.

For close securities in which no business was recorded in Thursday's Official List the latest price in the four previous days is given with the relevant date.

3 Bargains done at special prices & bargains done the previous day. A Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks

No. of bargains included

London County Council 5% Sec 1920 (after)

Greater London Council 6% Sec 9082 - 18% 1

Birmingham Corp 5% Sec 1922 (after) - 35% 1/2 3/8 3/8 (1982 after) - 22% (1987)

Liverpool Corp 2% Red Sec 1822 (after) - 12% (1987)

West Midlands 1% Type 1 Sec 11% Red Sec 1917 - 10% 1/2 (1987)

Safford Corp 5% Red Sec 8088 - 20% (1987)

South Gloucestershire 11% Red Sec 2008 - 10% 1/2 (1989)

UK Public Boards

No. of bargains included

Agricultural Mortgage Corp PLC 4% Sec 61 - 10% 1/2 (1987)

Enviro-Duo 20085 - 8% 1/2 (1987)

Enviro-Duo 20094 - 7% 1/2 (1987)

Enviro-Duo 20100 - 6% 1/2 (1987)

Enviro-Duo 20105 - 5% 1/2 (1987)

Enviro-Duo 20110 - 4% 1/2 (1987)

Enviro-Duo 20115 - 3% 1/2 (1987)

Enviro-Duo 20120 - 2% 1/2 (1987)

Enviro-Duo 20125 - 1% 1/2 (1987)

Enviro-Duo 20130 - 0% 1/2 (1987)

Enviro-Duo 20135 - 0% 1/2 (1987)

Enviro-Duo 20140 - 0% 1/2 (1987)

Enviro-Duo 20145 - 0% 1/2 (1987)

Enviro-Duo 20150 - 0% 1/2 (1987)

Enviro-Duo 20155 - 0% 1/2 (1987)

Enviro-Duo 20160 - 0% 1/2 (1987)

Enviro-Duo 20165 - 0% 1/2 (1987)

Enviro-Duo 20170 - 0% 1/2 (1987)

Enviro-Duo 20175 - 0% 1/2 (1987)

Enviro-Duo 20180 - 0% 1/2 (1987)

Enviro-Duo 20185 - 0% 1/2 (1987)

Enviro-Duo 20190 - 0% 1/2 (1987)

Enviro-Duo 20195 - 0% 1/2 (1987)

Enviro-Duo 20200 - 0% 1/2 (1987)

Enviro-Duo 20205 - 0% 1/2 (1987)

Enviro-Duo 20210 - 0% 1/2 (1987)

Enviro-Duo 20215 - 0% 1/2 (1987)

Enviro-Duo 20220 - 0% 1/2 (1987)

Enviro-Duo 20225 - 0% 1/2 (1987)

Enviro-Duo 20230 - 0% 1/2 (1987)

Enviro-Duo 20235 - 0% 1/2 (1987)

Enviro-Duo 20240 - 0% 1/2 (1987)

Enviro-Duo 20245 - 0% 1/2 (1987)

Enviro-Duo 20250 - 0% 1/2 (1987)

Enviro-Duo 20255 - 0% 1/2 (1987)

Enviro-Duo 20260 - 0% 1/2 (1987)

Enviro-Duo 20265 - 0% 1/2 (1987)

Enviro-Duo 20270 - 0% 1/2 (1987)

Enviro-Duo 20275 - 0% 1/2 (1987)

Enviro-Duo 20280 - 0% 1/2 (1987)

Enviro-Duo 20285 - 0% 1/2 (1987)

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Enviro-Duo 20305 - 0% 1/2 (1987)

Enviro-Duo 20310 - 0% 1/2 (1987)

Enviro-Duo 20315 - 0% 1/2 (1987)

Enviro-Duo 20320 - 0% 1/2 (1987)

Enviro-Duo 20325 - 0% 1/2 (1987)

Enviro-Duo 20330 - 0% 1/2 (1987)

Enviro-Duo 20335 - 0% 1/2 (1987)

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Enviro-Duo 20350 - 0% 1/2 (1987)

Enviro-Duo 20355 - 0% 1/2 (1987)

Enviro-Duo 20360 - 0% 1/2 (1987)

Enviro-Duo 20365 - 0% 1/2 (1987)

Enviro-Duo 20370 - 0% 1/2 (1987)

Enviro-Duo 20375 - 0% 1/2 (1987)

Enviro-Duo 20380 - 0% 1/2 (1987)

Enviro-Duo 20385 - 0% 1/2 (1987)

Enviro-Duo 20390 - 0% 1/2 (1987)

Enviro-Duo 20395 - 0% 1/2 (1987)

Enviro-Duo 20400 - 0% 1/2 (1987)

Enviro-Duo 20405 - 0% 1/2 (1987)

Enviro-Duo 20410 - 0% 1/2 (1987)

Enviro-Duo 20415 - 0% 1/2 (1987)

Enviro-Duo 20420 - 0% 1/2 (1987)

Enviro-Duo 20425 - 0% 1/2 (1987)

Enviro-Duo 20430 - 0% 1/2 (1987)

Enviro-Duo 20435 - 0% 1/2 (1987)

Enviro-Duo 20440 - 0% 1/2 (1987)

Enviro-Duo 20445 - 0% 1/2 (1987)

Enviro-Duo 20450 - 0% 1/2 (1987)

Enviro-Duo 20455 - 0% 1/2 (1987)

Enviro-Duo 20460 - 0% 1/2 (1987)

Enviro-Duo 20465 - 0% 1/2 (1987)

Enviro-Duo 20470 - 0% 1/2 (1987)

Enviro-Duo 20475 - 0% 1/2 (1987)

Enviro-Duo 20480 - 0% 1/2 (1987)

Enviro-Duo 20485 - 0% 1/2 (1987)

Enviro-Duo 20488 - 0% 1/2 (1987)

Enviro-Duo 20490 - 0% 1/2 (1987)

Enviro-Duo 20492 - 0% 1/2 (1987)

Enviro-Duo 20494 - 0% 1/2 (1987)

Enviro-Duo 20496 - 0% 1/2 (1987)

Enviro-Duo 20498 - 0% 1/2 (1987)

Enviro-Duo 20500 - 0% 1/2 (1987)

Enviro-Duo 20502 - 0% 1/2 (1987)

Enviro-Duo 20504 - 0% 1/2 (1987)

Enviro-Duo 20506 - 0% 1/2 (1987)

Enviro-Duo 20508 - 0% 1/2 (1987)

Enviro-Duo 20510 - 0% 1/2 (1987)

Enviro-Duo 20512 - 0% 1/2 (1987)

Enviro-Duo 20514 - 0% 1/2 (1987)

Enviro-Duo 20516 - 0% 1/2 (1987)

Enviro-Duo 20518 - 0% 1/2 (1987)

Enviro-Duo 20520 - 0% 1/2 (1987)

Enviro-Duo 20522 - 0% 1/2 (1987)

Enviro-Duo 20524 - 0% 1/2 (1987)

Enviro-Duo 20526 - 0% 1/2 (1987)

Enviro-Duo 20528 - 0% 1/2 (1987)

Enviro-Duo 20530 - 0% 1/2 (1987)

Enviro-Duo 20532 - 0% 1/2 (1987)

Enviro-Duo 20534 - 0% 1/2 (1987)

Enviro-Duo 20536 - 0% 1/2 (1987)

Enviro-Duo 20538 - 0% 1/2 (1987)

Enviro-Duo 20540 - 0% 1/2 (1987)

Enviro-Duo 20542 - 0% 1/2 (1987)

Enviro-Duo 20544 - 0% 1/2 (1987)

Enviro-Duo 20546 - 0% 1/2 (1987)

Enviro-Duo 20548 - 0% 1/2 (1987)

Enviro-Duo 20550 - 0% 1/2 (1987)

Enviro-Duo 20552 - 0% 1/2 (1987)

Enviro-Duo 20554 - 0% 1/2 (1987)

Enviro-Duo 20556 - 0% 1/2 (1987)

Enviro-Duo 20558 - 0% 1/2 (1987)

Enviro-Duo 20560 - 0% 1/2 (1987)

Enviro-Duo 20562 - 0% 1/2 (1987)

Enviro-Duo 20564 - 0% 1/2 (1987)

Enviro-Duo 20566 - 0% 1/2 (1987)

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY OCTOBER 15 1987				WEDNESDAY OCTOBER 14 1987				DOLLAR INDEX			
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (Lagged)		
Australia (91)	165.39	+0.2	147.32	150.98	2.60	166.95	149.69	153.68	180.81	99.92	99.47	
Austria (16)	101.76	-0.2	90.64	95.24	1.10	101.45	90.96	95.49	102.87	95.53	96.46	
Belgium (48)	120.20	-0.2	105.57	121.57	4.21	120.20	105.57	121.57	124.09	96.19	99.65	
Canada (12)	120.00	-0.2	124.90	121.48	2.46	130.51	117.02	122.42	107.00	100.57	101.67	
Denmark (38)	121.29	-0.5	106.03	113.99	2.57	121.85	109.26	115.06	124.63	98.38	98.35	
France (122)	99.08	-3.3	88.25	93.41	2.95	102.50	91.90	97.09	127.82	98.39	93.90	
West Germany (93)	99.03	-1.5	89.20	92.70	2.04	100.52	90.13	94.69	104.93	94.00	94.87	
Hong Kong (46)	152.46	-0.2	135.80	174.74	3.18	152.83	137.03	153.18	158.68	96.89	99.09	
Ireland (14)	156.26	-2.1	139.17	147.47	3.03	159.45	143.15	164.16	160.22	99.50	98.75	
Italy (92)	151.20	+0.3	135.57	139.96	4.21	151.20	135.57	141.11	162.00	94.22	104.63	
Japan (45)	151.51	-0.8	134.95	134.09	0.50	151.51	132.71	137.02	137.70	100.00	102.52	
Malaysia (36)	176.38	-0.5	157.10	172.37	2.12	176.38	172.03	175.64	186.24	98.24	97.40	
Mexico (34)	364.35	-5.4	324.53	460.37	0.47	385.01	345.21	676.25	422.59	99.72	76.49	
Netherlands (37)	118.79	-1.5	105.80	109.84	4.06	120.54	108.08	112.13	131.41	98.45	96.25	
New Zealand (23)	129.33	+0.1	120.50	105.95	2.78	129.15	115.80	107.23	126.99	83.93	79.46	
Norway (24)	175.22	-1.0	159.72	168.45	1.69	175.38	165.67	185.03	180.71	100.00	103.71	
Spain (12)	151.25	-0.2	143.51	152.04	1.52	152.44	149.65	152.44	160.00	99.52	99.52	
South Africa (61)	187.76	+0.2	167.26	136.85	3.06	187.44	148.07	126.60	196.09	100.00	99.62	
Sweden (43)	143.56	-0.2	125.49	145.49	2.71	143.90	149.05	148.81	160.00	98.73	98.73	
Switzerland (53)	134.67	-1.2	119.95	126.30	1.81	136.20	122.12	128.24	136.64	90.05	99.00	
United Kingdom (135)	110.14	-0.8	98.10	102.71	1.42	103.36	111.11	111.11	122.97	92.97	96.05	
USA (54)	122.97	-0.2	118.56	120.31	1.51	123.27	118.82	120.32	122.97	96.32	97.97	
The World Index (242)	134.39	-1.3	119.70	126.59	2.04	136.18	122.11	128.69	139.73	100.00	96.20	

Base return: Dec 31, 1986 = 100
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Annuity and pension rates for October 24 applied to the following: Denmark, France, Spain, Sweden, Europe Ex. UK, World Ex. US, World Ex. UK, World Ex. South Africa, World Ex. Japan and The World Index.

Largest prices were unavailable for this month.

Special rates were unavailable for this month.

Source: www.ft.com

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UNIT TRUST INFORMATION SERVICE

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Manufacturers Life Insurance—C

FT UNIT TRUST INFORMATION SERVICE

Property & Law International Fund Mgmt Ltd Global Asset Mgmt Corp—Contd.
10/F, 100 Gloucester Rd, Causeway Bay, Hong Kong Tel: 00-24 777777

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS—Contd

FOREIGN BONDS & RAILS

Stock	Pric £	+ or - £	Int. £
5" (Lives up to Five Years)			
Dec 1987	100.00	-	10.00
Dec 1988-89	99.00	-	7.70
Dec 1989	100.00	-	10.00
Inc Cr '88	99.00	-	7.70
Dec 1990	96.17	-	7.11
Dec 1991	101.50	-	9.55
Dec 1992	98.00	-	8.00
Dec 1993	93.00	-	3.22
Dec 1994	100.00	-	9.00
Dec 1995	99.00	-	10.00
Dec 1996	101.50	-	9.55
Dec 1997	92.00	-	7.40
Dec 1998	100.00	-	10.00
Dec 1999	95.00	-	7.70
Dec 2000	105.00	-	12.30
Dec 2001	101.50	-	10.80
Dec 2002	104.00	-	11.90
Dec 2003	98.00	-	8.00
Dec 2004	102.00	-	10.70
Dec 2005	92.00	-	7.40
Dec 2006	107.00	-	11.80
Dec 2007	98.00	-	8.70
Dec 2008	101.50	-	10.80
Dec 2009	106.00	-	11.40
Dec 2010	111.50	-	12.10
Five to Fifteen Years			
Dec 1973-74	90.00	-	10.10
2 Dec 1993-94	108.00	-	11.30
Dec 1995-96	87.00	-	6.20
Dec 1996-97	114.00	-	10.20
Dec 1997-98	110.00	-	10.20
Dec 1998-99	100.00	-	9.50
Dec 1999-2000	103.00	-	11.30
Dec 2000-01-02	89.00	-	5.50
Dec 2001	84.00	-	3.50
Dec Cr '99-01	93.00	-	10.80
Dec 1999	102.00	-	10.70
Dec 2000	92.00	-	7.40
Dec 2001	107.00	-	11.80
Dec 2002	90.00	-	7.40
Dec 2003	91.00	-	7.40
Dec 2004	106.00	-	10.70
Dec 2005	111.00	-	11.40
Dec 2006	117.00	-	11.80
Dec 2007	93.00	-	10.20
Dec 2008	125.00	-	12.10
Dec 2009	70.00	-	3.70
Dec 2010	78.00	-	3.60
Dec 2011	82.00	-	3.60
Dec 2012	104.00	-	10.70
Dec 2013	115.00	-	11.40
Dec 2014	99.00	-	9.50
Dec 2015	90.00	-	9.50
Dec 2016	104.00	-	10.70
Dec 2017	93.00	-	10.20
Dec 2018	108.00	-	11.40
Dec 2019	79.00	-	3.70
Dec 2020	82.00	-	3.70
Dec 2021	116.00	-	11.40
Dec 2022	97.00	-	10.00
Dec 2023	104.00	-	10.70
Dec 2024	111.00	-	11.40
Dec 2025	94.00	-	10.00
Dec 2026	109.00	-	11.10
Dec 2027	110.00	-	11.20
Dec 2028	108.00	-	10.40
Dec 2029	104.00	-	10.20
Dec 2030	125.00	-	12.10
Dec 2031	79.00	-	3.70
Dec 2032	82.00	-	3.70
Dec 2033	104.00	-	10.70
Dec 2034	115.00	-	11.40
Dec 2035	94.00	-	10.00
Dec 2036	109.00	-	11.10
Dec 2037	110.00	-	11.20
Dec 2038	108.00	-	10.40
Dec 2039	104.00	-	10.20
Dec 2040	125.00	-	12.10
Dec 2041	79.00	-	3.70
Dec 2042	82.00	-	3.70
Dec 2043	104.00	-	10.70
Dec 2044	115.00	-	11.40
Dec 2045	94.00	-	10.00
Dec 2046	109.00	-	11.10
Dec 2047	110.00	-	11.20
Dec 2048	108.00	-	10.40
Dec 2049	104.00	-	10.20
Dec 2050	125.00	-	12.10
Dec 2051	79.00	-	3.70
Dec 2052	82.00	-	3.70
Dec 2053	104.00	-	10.70
Dec 2054	115.00	-	11.40
Dec 2055	94.00	-	10.00
Dec 2056	109.00	-	11.10
Dec 2057	110.00	-	11.20
Dec 2058	108.00	-	10.40
Dec 2059	104.00	-	10.20
Dec 2060	125.00	-	12.10
Dec 2061	79.00	-	3.70
Dec 2062	82.00	-	3.70
Dec 2063	104.00	-	10.70
Dec 2064	115.00	-	11.40
Dec 2065	94.00	-	10.00
Dec 2066	109.00	-	11.10
Dec 2067	110.00	-	11.20
Dec 2068	108.00	-	10.40
Dec 2069	104.00	-	10.20
Dec 2070	125.00	-	12.10
Dec 2071	79.00	-	3.70
Dec 2072	82.00	-	3.70
Dec 2073	104.00	-	10.70
Dec 2074	115.00	-	11.40
Dec 2075	94.00	-	10.00
Dec 2076	109.00	-	11.10
Dec 2077	110.00	-	11.20
Dec 2078	108.00	-	10.40
Dec 2079	104.00	-	10.20
Dec 2080	125.00	-	12.10
Dec 2081	79.00	-	3.70
Dec 2082	82.00	-	3.70
Dec 2083	104.00	-	10.70
Dec 2084	115.00	-	11.40
Dec 2085	94.00	-	10.00
Dec 2086	109.00	-	11.10
Dec 2087	110.00	-	11.20
Dec 2088	108.00	-	10.40
Dec 2089	104.00	-	10.20
Dec 2090	125.00	-	12.10
Dec 2091	79.00	-	3.70
Dec 2092	82.00	-	3.70
Dec 2093	104.00	-	10.70
Dec 2094	115.00	-	11.40
Dec 2095	94.00	-	10.00
Dec 2096	109.00	-	11.10
Dec 2097	110.00	-	11.20
Dec 2098	108.00	-	10.40
Dec 2099	104.00	-	10.20
Dec 2100	125.00	-	12.10
Dec 2101	79.00	-	3.70
Dec 2102	82.00	-	3.70
Dec 2103	104.00	-	10.70
Dec 2104	115.00	-	11.40
Dec 2105	94.00	-	10.00
Dec 2106	109.00	-	11.10
Dec 2107	110.00	-	11.20
Dec 2108	108.00	-	10.40
Dec 2109	104.00	-	10.20
Dec 2110	125.00	-	12.10
Dec 2111	79.00	-	3.70
Dec 2112	82.00	-	3.70
Dec 2113	104.00	-	10.70
Dec 2114	115.00	-	11.40
Dec 2115	94.00	-	10.00
Dec 2116	109.00	-	11.10
Dec 2117	110.00	-	11.20
Dec 2118	108.00	-	10.40
Dec 2119	104.00	-	10.20
Dec 2120	125.00	-	12.10
Dec 2121	79.00	-	3.70
Dec 2122	82.00	-	3.70
Dec 2123	104.00	-	10.70
Dec 2124	115.00	-	11.40
Dec 2125	94.00	-	10.00
Dec 2126	109.00	-	11.10
Dec 2127	110.00	-	11.20
Dec 2128	108.00	-	10.40
Dec 2129	104.00	-	10.20
Dec 2130	125.00	-	12.10
Dec 2131	79.00	-	3.70
Dec 2132	82.00	-	3.70
Dec 2133	104.00	-	10.70
Dec 2134	115.00	-	11.40
Dec 2135	94.00	-	10.00
Dec 2136	109.00	-	11.10
Dec 2137	110.00	-	11.20
Dec 2138	108.00	-	10.40
Dec 2139	104.00	-	10.20
Dec 2140	125.00	-	12.10
Dec 2141	79.00	-	3.70
Dec 2142	82.00	-	3.70
Dec 2143	104.00	-	10.70
Dec 2144	115.00	-	11.40
Dec 2145	94.00	-	10.00
Dec 2146	109.00	-	11.10
Dec 2147	110.00	-	11.20
Dec 2148	108.00	-	10.40
Dec 2149	104.00	-	10.20
Dec 2150	125.00	-	12.10
Dec 2151	79.00	-	3.70
Dec 2152	82.00	-	3.70
Dec 2153	104.00	-	10.70
Dec 2154	115.00	-	11.40
Dec 2155	94.00	-	10.00
Dec 2156	109.00	-	11.10
Dec 2157	110.00	-	11.20
Dec 2158	108.00	-	10.40
Dec 2159	104.00	-	10.20
Dec 2160	125.00	-	12.10
Dec 2161	79.00	-	3.70
Dec 2162	82.00	-	3.70
Dec 2163	104.00	-	10.70
Dec 2164	115.00	-	11.40
Dec 2165	94.00	-	10.00
Dec 2166	109.00	-	11.10
Dec 2167	110.00	-	11.20
Dec 2168	108.00	-	10.40
Dec 2169	104.00	-	10.20
Dec 2170	125.00	-	12.10
Dec 2171	79.00	-	3.70
Dec 2172	82.00	-	3.70
Dec 2173	104.00	-	10.70
Dec 2174	115.00	-	11.40
Dec 2175	94.00	-	10.00
Dec 2176	109.00	-	11.10
Dec 2177	110.00	-	11.20
Dec 2178	108.00	-	10.40
Dec 2179	104.00	-	10.20
Dec 2180	125.00	-	12.10
Dec 2181	79.00	-	3.70
Dec 2182	82.00	-	3.70
Dec 2183	104.00	-	10.70
Dec 2184	115.00	-	11.40
Dec 2185	94.00	-	10.00
Dec 2186	109.00	-	11.10
Dec 2187	110.00	-	11.20
Dec 2188	108.00	-	10.40
Dec 2189	104.00	-	10.20
Dec 2190	125.00	-	12.10
Dec 2191	79.00	-	3.70
Dec 2192	82.00	-	3.70
Dec 2193	104.00	-	10.70
Dec 2194	115.00	-	11.40
Dec 2195	94.00	-	10.00
Dec 2196	109.00	-	11.10
Dec 2197	110.00	-	11.20
Dec 2198	108.00	-	10.40
Dec 2199	104.00	-	10.20
Dec 2200	125.00	-	12.10
Dec 2201	79.00	-	3.70
Dec 2202	82.00	-	3.70
Dec 2203	104.00	-	10.70
Dec 2204	115.00	-	11.40
Dec 2205	94.00	-	10.00
Dec 2206	109.00	-	11.10
Dec 2207	110.00	-	11.20
Dec 2208	108.00	-	10.40
Dec 2209	104.00	-	10.20
Dec 2210	125.00	-	12.10
Dec 2211	79.00	-	3.70
Dec 2212	82.00	-	3.70
Dec 2213	104.00	-	10.70
Dec 2214	115.00	-	11.40
Dec 2215	94.00	-	10.00
Dec 2216	109.00	-	11.10
Dec 2217	110.00	-	11.20
Dec 2218	108.00	-	10.40
Dec 2219	104.00	-	10.20
Dec 2220	125.00	-	12.10
Dec 2221	79.00	-	3.70
Dec 2222	82.00	-	3.70
Dec 2223	104.00	-	10.70
Dec 2224	115.00	-	11.40
Dec 2225	94.00	-	10.00
Dec 2226	109.00	-	11.10
Dec 2227	110.00	-	11.20
Dec 2228	108.00	-	10.40
Dec 2229	104.00	-	10.20
Dec 2230	125.00	-	12.10
Dec 2231	79.00	-	3.70
Dec 2232	82.00	-	3.70
Dec 2233	104.00	-	10.70
Dec 2234	115.00	-	11.40
Dec 2235	94.00	-	10.00
Dec 2236	109.00	-	11.10
Dec 2237	110.00	-	11.20
Dec 2238	108.00	-	10.40
Dec 2239	104.00	-	10.20
Dec 2240	125.00	-	12.10
Dec 2241	79.00	-	3.70
Dec 2242	82.00	-	3.70
Dec 2243	104.00	-	10.70
Dec 2244	115.00	-	11.40
Dec 2245	94.00	-	10.00
Dec 2246	109.00	-	11.10
Dec 2247	110.00	-	11.20
Dec 2248	108.00	-	10.40
Dec 2249	104.00	-	10.20
Dec 2250	125.00	-	12.10
Dec 2251	79.00	-	3.70
Dec 2252	82.00	-	3.70
Dec 2253	104.00	-	10.70
Dec 2254	115.00	-	11.40
Dec 2255	94.00	-	10.00
Dec 2256	109.00	-	11.10
Dec 2257	110.00	-	11.20
Dec 2258	108.00	-	10.40
Dec 2259	104.00</		

AMERICANS		Price	+ or -
Slack	\$	+	46
Greek Toc Ass.	53	-	6
Do 28 St. Ass.	52nd	-	7
Do 4th Mixed Ass.	50nd	-	7
Hung "24 Ass" 1961	46	-	7
Hydro Quebec 15% 2011	125%	-	7
Iceland 12%pt 1970-2011	112%	-	7
Ireland 9%pt '91-96	95%	-	7

Money Market Bank Accounts		Continued on
ANZ Florida High Interest C	£	1.00
Milford Inv. Mortgag Cl. London, S.E.1	£	1.00
£500-£1,000	£0.98	-
£1,000+	£0.98	-
AT&T Co. pic	£	1.00
22 Concourse Rd, Edgware, E12 4DF	£	1.00
Fell Service Cor Acc.	£0.90	-6.7%
Athens House	£	1.00
30 City Road, EC1Y 2AY	£	1.00
Treasury Acc.	£0.95	-5%
Mon. Inv. Cl. £5,000-+ £0.95	£0.95	-5%
Mon. Inv. Cl. £5,000-+ £0.95	£0.95	-5%
AAB—Allied Argus Bank Ltd	£	1.00
97-101 Common St., London, EC4M 8AD	£	1.00
NICIA, HICMA	£	0.75
Bear Stearns	£	1.00
30 Threadneedle St, EC2P 2EH	£	1.00
Money Inv. Cl. Acc.	£0.95	-5%
Barclays Prime Account	£	1.00
Po Box 125, Northampton	£	1.00
Hipperholme, Cheshire, CH5 8TS	£	0.975
Benchmark Trust Ltd Pensions	£	1.00
9 Newgate Place, W1M 9AE	£	1.00
£5,000-£10,000	£0.95	-5%
£10,000-£20,000	£0.95	-5%
£20,000+	£0.95	-5%
Brown Shipley & Co Ltd	£	1.00
Faversham, Kent, London, SE1	£	1.00
Dividend Acc.	£0.95	-5%
Charterhouse Bank Limited	£	1.00
1 Paternoster Row, EC4M 7DH	£	1.00
Moring	£0.95	-5%
U.S. Polar	£0.75	-25%
German Marin	£0.75	-25%
Swiss Francs	£0.75	-25%
Japanese Yen	£0.75	-25%
Citibank Savings	£	1.00
St Martins Hq, Hammerton St, Grove W.	£	1.00
Money Market Plus	£	1.00
£25,000-£49,999	£0.95	-5%
£50,000+	£0.95	-5%
Co-operative Bank Cheques & S	£	1.00
78-80 Cornhill EC3 01-522 5943	£	1.00
£500-£2,500	£0.95	-5%
£2,500+	£0.95	-5%
Darlington & Co Ltd	£	1.00
9 The Crescent, Plymouth PL1 3AB	£	1.00
Money Inv. Acc.	£0.95	-5%
Siemens plc High Interest	£	1.00
10 Mill St, London EC2V 5JH	£	1.00
£1,000-£3,999	£0.95	-5%
£4,000-£9,999	£0.95	-5%
£10,000+	£0.95	-5%
Henderson/Bank of Scotland	£	1.00
58 Threadneedle St EC2P 2EH	£	1.00
Money Inv. Cl. Acc. R10	£0.95	-5%
Legal & General (Money Migr)	£	1.00
355 Euston Road, NW1 3AG	£	1.00
High Int Cl. Acc.	£0.95	-5%
Lloyds Bank High Interest	£	1.00
71 Lombard St, London EC3P 3BS	£	1.00
£1,000+	£0.95	-5%
£5,000+	£0.95	-5%
£50,000+	£0.95	-5%
M & G/Kleinwort Benson	£	1.00
M & G Hq, Victoria Rd, Chelmsford	£	1.00
H.I.C.A. 022 500-1	£0.975	-5%
Midland Bank plc	£	1.00
Po Box 200, Sheffield	£	1.00
100 Clifton Cl. Acc.	£0.95	-5%
£10,000+	£0.95	-5%
M.L.M. Britannia Ltd	£	1.00
74-78 Finsbury Pavement, EC2A 2JD	£	1.00
Castile Akts	£0.95	-5%
Nat-West Special Reserve Account	£	1.00
43 London, London, EC2P 2BP 01-77 42,000-£10,000	£0.95	-5%
£10,000 and above	£0.95	-5%
Oppenheimer Money Migrat Ltd	£	1.00
66 Carson St, EC4N 6AE	£0.975	-5%
Moxy Migr. Acc.	£0.975	-5%
Phillips & Drew Trust Ltd	£	1.00
120 Moorgate, London EC2C 5XP	£	1.00
High Int Cl. Acc.	£0.95	-5%
Provincial Trust	£	1.00
30 Ashley Rd, Altringham, Cheshire	£	1.00
H.I.C.A. 022 500-1	£0.975	-5%
Royal Bank of Scotland plc	£	1.00
42 St Andrew St, Edinburgh EH2 2YE	£	1.00
Prevention Acc.	£0.95	-5%
Save & Prosper Robert Fleming	£	1.00
28 Western Rd, Ronwood RM1 3LS,	£	1.00
H.I.C.A.	£0.975	-5%
Tynwald & Co Ltd	£	1.00
29-33 Princes Victoria St, Bristol	£	1.00
Dividend Acc.	£0.95	-5%
Money Inv. Acc.	£0.95	-5%
Client Plat Acc.	£0.95	-5%
J. Henry Schroder Waggs & Co	£	1.00
Enterprise House, Parkgate	£	1.00
Stock Exchange	£	0.95
£10,000 and above	£0.95	-5%
Western Trust & Savings Limited	£	1.00
The Monocentre, Plymouth PL1 1SE	£	1.00
High Int Cl. Acc.	£0.95	-5%
Wimborne & South West Finance	£	1.00
114 Newark St, London EC1A 1JL	£	1.00
High Int Cheque Acc.	£0.95	-5%
NOTES.—Gross rate to those except free float. Net rate: actual rate after deduction of CDT. Gross equivalent to bank rate (converters) — rate per £1. Cr. frequency stated credited.		
UNIT TRUST NOTES		
Prices are in pence unless otherwise indicated. Designated S with no prefix refers to all S. % (shown in bold) column applies for all units.		
Prices of certain older insurance listed below include capital gains tax on sales + offered price + expenses. In today's prices, a £100 held for 1 year would be liable to a free of UK taxes, a 10% periodic premium + simple premium insurance. A offered price includes all expenses + 3% interest.		
2 Previous day's price + 1/4 Gentry price + Yield before Jersey Tax. 1st Ex. date + yield + 1/4 Gentry price + 1/4 Vicker's		
£10,000 available for subscription. No NAV available.		

Money Market Trust Funds

CHARTERS Ltd Frost Money Magnet Co Ltd
 Sophie Hall, Sophie Co., Hockenden, EC3 - 01-263-6661
CAPCASH Ltd Fund: 6.99 6.76 9.50 3-mth
CAPCASH 7-day Fund: 6.98 6.67 9.30 3-mth

**2 Previous day's price. 3 Guernsey price. 4 Suspended.
 Yield before Jersey tax. 5 Ex-distribution. 6 Only available to charitable bodies. 7 Yield column shows annualized rates of NAV increase. 8 Yield ex dividend.**

WEEKEND FT

Saturday October 17 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

A CENTURY ago, Britain became the great financial bogeyman of American politics because of her role as world banker and guardian of the gold standard. In those days, British investors provided much of the capital for the construction of America's railways. New York often relied on London to cover seasonal shortages of cash during the autumn harvest, and the dollar was linked to the British Pound through the operation of the international gold standard.

By the early 1890s, Britain's portfolio of American investments was equal to nearly \$2.5bn or 20 per cent of US GNP. As a result of Britain's ubiquitous presence in the country's economic life, the American people did not regard her as merely another trading partner or supplier of capital. They also viewed Britain as a powerful commercial rival and potentially sinister influence on the country's financial markets.

Since Britain was the dominant industrial power in the world during the late 19th century, her monetary debates about America's trade policy were often analogous to Japan's position today. Supporters of high tariffs tried to overcome sectional conflicts between agricultural and industrial states by portraying their opponents as friends of British manufacturing industry.

Britain's place in US controversies over monetary policy, though, provides the most interesting precedent for how America's new debtor status could alter her attitudes towards the internationalisation of security markets and Japanese financial power during the 1980s. As the world's largest creditor power, Britain became a popular American scapegoat for high interest rates, depressed foreign prices, and other difficulties which were perceived to result from the divergent economic interests of creditors and debtors during the 19th century.

In the decades after the American Civil War of 1861-1865, there was a sharp decline in the level of world commodity prices because of the spread of new agricultural technology to previously backward or undeveloped regions. In the case of the US, this deflation was even more severe than Europe's because the American price level had been artificially inflated by a large increase in the supply of "Greenback paper money" during the Civil War.

Naturally, this deflation imposed a severe burden on the agricultural and commercial interests which had borrowed during the period of rising prices. They attempted to resist by launching a political movement opposed to the gold standard and the creditor interests supposedly aligned to it, including London banks which had speculated heavily in American debt during the Civil War.

The resistance initially took the form of a "Greenback Party," which advocated the creation of a managed paper money standard but, because of the country's bad historical experience with paper money, the movement soon switched to demanding a bimetallic monetary standard, which would encompass both silver and gold.

By 1890, the admission of several new silver-producing states tilted the national political balance in favour of experiment with bimetallism. A new Republican administration obtained silver-state support for a large tariff bill requiring the Treasury to purchase all domestic silver production and to make its notes convertible into the grey metal as well as gold. But instead of reviving commodity prices, the new uncertainty about America's commitment to the gold standard triggered a run on the Treasury. British capital withdrew from New

York, producing a sharp rise in the level of interest rates, and a slump in the stock market.

When Grover Cleveland returned to the White House in the spring of 1893, he was forced to request the suspension of the Silver Purchase Act and to negotiate a series of loans from J. P. Morgan and the Rothschild Bank to replenish the Treasury gold reserve. With Morgan willing to act as *de facto* central banker for the US Treasury, financial conditions stabilised and steamships bound for Europe with American gold returned to New York, but the spectacle of the President personally bargaining with powerful bankers to restore the government's credit rating further inflamed populist hostility towards Wall Street and the City of London.

As the 1896 presidential election approached, the silver forces counter-attacked by seizing control of the Democratic Party and nominated for President one of the country's most vociferous opponents of the gold standard, Congressman William Jennings Bryan of Nebraska. Political historians remember the spellbinding oration which won Bryan the nomination as simply the Cross of Gold speech, but much of it was actually an attack on London's financial power. "Who is willing to surrender the right of self-government and place the legislative control of our affairs in the hands of foreign potentates and powers?" Bryan asked the convention.

In the end, Bryan carried more states than his Republican opponent, William McKinley, but McKinley won by a total of 93 votes in the electoral college and 800,000 votes in the popular count. Although Bryan sought the presidency on behalf of the silver movement, itself faded during the final years of the century, as gold discoveries in South Africa and the Yukon produced a large expansion of the world money supply and revival of commodity prices without the monetarist inflation of silver.

While it may seem hard to believe today, from the start of the silver crusade in the 1870s right through to its culmination in the election of 1896, large numbers of Americans believed that British financial interests controlled the country's economic policy. In populist

folklore, British investors were not merely passive beneficiaries of deflation, but had actively encouraged it through conspiracy and intrigue. It was widely alleged, for example, that in 1872 the Bank of England had sent a secret agent named Ernest Stead to the US with \$500,000 to bribe American Congressmen into voting for the demonetisation of silver.

The depth of the hostility to British financial power among American populists and silver crusaders during this period was most vividly expressed in the monograph which ultimately became the textbook of the American silver crusade, *Coin's Financial School* by William Harvey. Published in the midst of the recession which gripped the country after the financial crisis of 1893, the book quickly became a best seller and was probably the most widely read economic treatise in the United States during the 19th century. In the book, Harvey rejected calls for international agreements to stabilise the silver price, and called upon the US to create its own monetary system independent of British influence. If this led to the disasters predicted by advocates of an international accord, the US should not retreat but go to war with England.

"A war with England would be the most popular ever waged on the face of the earth," said Harvey, and also one of the most just, since it would be fought against a power that "can dictate the money of the world and thereby create world-wide misery."

The militant spirit towards Britain generated by the monetary crusade even informed discussions of foreign policy. When the US clashed with Britain over how to define the boundaries of British Guiana and Venezuela, a west coast newspaper spoke for many Americans with the argument: "We are at the mercy of England as far as our finances go and war is the only way out." "War would be a good thing even if we got whipped," declared a Senator from the silver state of Nevada, "for it would rid us of English bank rule."

Ironically, in view of populist allegations about London's attempts to manipulate the American economy, many British investors fared poorly on their US investments during the late 19th



Chris Frasier

century. London often bought American securities during periods of prosperity and sold them back to New York when recessions produced US trade surpluses.

THE challenges posed by the rise of Japanese financial power to future American economic policy are likely to be very different in character from those posed by British financial supremacy during the late 19th century. The US is no longer a developing country suffering from the insecurities of youth. Its current status is most comparable to Britain's itself during the first half of the 20th century, when America was an emerging power and a serious mismatch had developed between Britain's economic strength and international political obligations. The world is also no longer a gold standard which automatically transmits deflation from creditor countries to debtor countries.

Because of these differences, most American fears and fantasies about Japanese economic power today still focus on issues related to trade and technology rather than capital flows and interest rates. But the potential clearly exists for Japanese financial power to become an American political issue and ultimately to produce a popular reaction against Japan comparable to the anti-British feelings of the late 19th century.

Of the \$150bn foreign capital which the US imported during 1986, more than a third came from Japan. Tokyo is headquarters for seven of the world's ten largest banks while Nomura Securities has a market capitalisation of \$60bn-\$70bn compared to only \$6bn-\$7bn for Citibank. The syndicalist nature of the Japanese economic and political system is highly conducive to conspiracy theories about Tokyo developing a "money weapon" to influence American economic policy.

In 1988, the US will hold its first open presidential election campaign as a large-scale, capital-importing nation since the contest between McKinley and Bryan in 1896. One prominent candidate, Congressman Richard Gephardt, has already made Japan-bashing a central theme of his campaign and other candidates are often

insensitive to how their public comments are perceived by foreign investors, so it is easy to imagine a variety of circumstances during next year's election campaign which could trigger heavy Japanese selling of US stocks and bonds as well as selling by American investors in anticipation of the Japanese liquidating their US securities.

Such a slump in the New York financial markets could then cause the influence of foreign investors over US interest rates to become an election issue in its own right. The politician who produced the run on the dollar, for example, could easily start attacking his opponent for being a tool of Japanese financial power, as happened to free trade and pro-gold standard candidates during the presidential elections of 1888 and 1896. If interest rates rise seriously to damage the American economy, large numbers of people could start to believe that Japan was using its "money weapon" to determine the outcome of the election.

Even if the US is able to avoid serious traumas in the foreign exchange market during next year's election campaign, Japan is still likely to emerge as a scapegoat for many of the frustrations which will occur in American political life when Congress starts coming to terms with the debt servicing legacy of the Reagan consumption boom.

What remains to be seen is whether the American people will personalise their resentment of Japanese financial power in as graphic or racist a form as the 19th-century populists did in their portrayals of the Rothschild Bank and the City of London. How far the reaction against Japan goes will probably depend upon whether the post-Reagan adjustment to American consumption comes through a gradual tightening of fiscal policy or a severe monetary squeeze. The US economy will be very vulnerable to sharp rises in interest rates in the future because the ratio of non-financial debt to GNP has increased dramatically during the 1980s. Since Japan is the major external supplier of capital to the US, American politicians could easily attempt to turn Tokyo's financial power into a scapegoat for rising mortgage rates, new corporate bankruptcies and other adverse consequences of monetary instability.

The adjustment now facing America and Japan is both emotional and economic. New mechanisms must be developed for reducing the tensions that result from the differential stages of economic, financial and political integration which exist in the world today. The financial markets of New York, Tokyo, and London are already effectively in the 21st century in terms of technological sophistication, money flows, and habits of thinking. Political institutions, by contrast, are still rooted in the intellectual framework of the 19th century nation state, isolation and protectionism are more viable policy options for the US than for any other industrial nation.

As a result, it may be in post-Reagan America that the forces of economic populism and crass nationalism finally rebel against the discipline of the international financial marketplace. If central bank intervention is unable to prevent a large rise in US interest rates during 1988, the major economic issue in US politics by the end of next year's election campaign may not be trade protection, but a new agenda to regulate international movements of capital in order to free the country from "financial servitude to Tokyo."

David Hale is Chief Economist of Kemper Financial Services, Chicago.

The Long View

The see-saw effect slows down



It is tempting to conclude that US business has moved from domination to decadence. But Barry Riley foresees better performance and happier days ahead

JUST AS the US equity market looked as though it was climbing back towards international respectability it has run into trouble again. The Dow Jones Average chalked up a record one-day fall of 91.55 points last week only for it to beat that with a 95.48-point tumble on Wednesday this week.

The talk has been that the US stock market might be able to detach itself from the woeful trends in the bond market where yields are languishing.

Treasuries have now moved into double digits. The buzz word has been "decoupling". However, with a reversal of more than 10 per cent in the past few weeks equities seem to have hooked themselves right back on to the downward bond spiral.

For years, American stocks have performed lamentably by international standards. It stands out, for instance, from UK unit trust performance statistics, which show that £1,000 invested in the typical North American specialist trust in June 1977 grew, including reinvested income, to \$4,045 by June 1987.

On the face of it that might not look bad going, but consider that a UK general fund would have generated £7,512, a Japanese fund £9,332 and a European trust £9,672.

The same pattern emerges from investment trust figures, where in the ten years to the end of last month £1,000 in a typical North American fund grew to £5,453 but a UK general fund returned £2,880 and a Japanese specialist on average turned £1,000 into £1,915.

A more analytical slant on these trends is provided by brokers Phillips & Drew's excellent *World Capital Markets* book. In the ten years 1977-86 the annual return on US equities averaged 13.8 per cent against 12.3 per cent in Ger-

many, 23.3 per cent in the UK and 24.4 per cent in Japan (all these figures are expressed in dollar terms).

What are the reasons for the poor showing of Wall Street? Is it that the US economy has lagged? Apparently not, because US real GDP growth has been well up to the international average.

Now does it appear that the political basis of the US market has varied greatly from the international norm (in contrast to Japan, which has moved from overvalued to ridiculously overvalued).

The straightforward explanation is that corporate earnings growth in the US has been extremely poor. This applies especially to 1981-85, when there has been no aggregate earnings growth at all for constituents of the Standard & Poor's 500 index.

And just as hopes were swelling of a bounce-back by earnings this year, the financial sector has ruined things: enormous bank write-offs of Third World and other debts have served to spoil the party.

It seems ironical that the US corporate sector should have failed to deliver the goods, given the aggression of the American business culture, the high output of MBAs, the flood of "excellence" bestsellers from the business publishing houses and the grotesque earnings of top US executives.

It is tempting to conclude that US business has crossed the line from domination to decadence. Overseas it is putting its assets—from Hilton hotels to Safeway supermarkets—up for sale at a time when other countries are eagerly building multinational enterprises.

At home it is convulsed by bids and senior executives are preoccupied by the measures thought necessary to head them off; even industrial jewels like

Boeing can be threatened by more ridiculous levels, wreaking havoc through American industry.

But wait a minute. Maybe it isn't all the fault of Mr T. Boone Pickens, or the result of the Harvard Business School's failure to teach ethics. The key factor in explaining the problems of the US equity market has been the behaviour of the dollar. During the early 1980s—peaking in the spring of 1985—it rose to progressively

more ridiculous levels, wreaking havoc through American industry.

Since then it has weakened sharply, to a level at which it is arguably near the right price on competitive grounds. But as this week's US import and export figures have underlined,

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MARKETS

Wait for the end of the era

IT IS TYPHOON season in the Far East, but the heavy weather has yet to reach the Tokyo Stock Exchange—so far, at least.

Despite New York's tumble, the TSE index lost less than 300 points in the week's end, shedding just over 1 per cent of its value to close at 2,385.74. This compares to a 12 to 13 per cent drop in New York. As Tokyo and New York had been moving roughly in tandem over the last two years, the discrepancy has been attracting a fair bit of attention.

To many, Tokyo's ability to resist infectious diseases from America simply underlies its inherent strengths. Some go as far as to proclaim Tokyo the strongest market in the world at the moment.

To others, the relative calm in Japan reflects a wait-and-see attitude. Indeed, if New York catches an incurable cold, few doubt that Tokyo will succumb sooner rather than later. Those in the bull camp, however, point to developments which they believe mark a possible parting

of the ways between Tokyo and New York.

Years of rising inflation which have been spooking the US equity markets, the optimists argue, are not much of a worry in Japan. The currency is hard, unit labour costs have been coming down and productivity has been increasing.

At the same time Japan's industrial sector is about to start announcing a stunning set of company profit figures. Salomon Brothers has upgraded its forecast for October was cancelled.

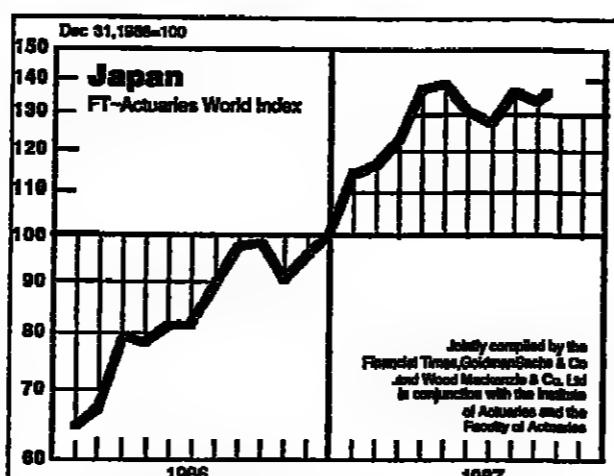
It appears that the bond market is taking its cue from the Bank of Japan which is tightening the screws on its monetary policy. The BoJ has permitted short-term rates to rise sharply and it continues to flirt with the notion of a higher discount rate.

Those who take the more measured view of Tokyo's outlook say that interest rates will rise, GNP growth will outstrip expectations — thanks to the revived industrial sector; inflation will then crack up and the market will slip into reverse gear.

Regardless of their outlook, of course, brokers in Tokyo have their eyes trained on the US. If the Fed raises its rates, analysts say that Japan will feel obliged to follow.

Japan's money supply, on the other hand, is growing in double-digit figures. Other funds are also piling up on the sidelines, ready for possible investment. The abolition of the break in Postal Savings accounts means that some of the Post Office's Y300 billion in funds may soon be looking for other homes.

None of this optimism, however, can be found in Tokyo's bond markets, where prices have been dropping miserably over the last several weeks. Yields have topped 6 per cent



for the Government's bellwether 10-year bond this month. For the first time in more than three years the 10-year bond for October was cancelled.

The real estates and financials which led the bond market and had fallen off their peak.

Those who see the bond market as played out are looking hard at the manufacturing sector. The undecided voters are reflected in the relatively low volumes currently being recorded in Tokyo.

As always in Tokyo, a number of unexpected themes have emerged amid the week's turmoil. One of these has been the rush to buy shipping stocks this week, driving some of the shares to all-time highs. Considering the dire straits of the shipping industry, brokers were hard pressed to give reasons for the run-up.

A more easily explained phenomenon has been the interest in printing and in stocks. These are known as Emperor shares. The death of Japan's aged Emperor Hirohito, who has been ailing recently, would mark the end of the current era, called Showa. The new Emperor would have a new name for him, thus requiring a massive printing of new government and business documents with the new date inscribed on them.

Since the Emperor, like the TSE, appears remarkably hardy for the time being at least. The Emperor, of course, is 86 and cannot go on for ever. Common sense says the same is true of the TSE's upward run. But the question remains: if not now, when will it end?

Carla Rapoport



Emperor Hirohito

Hawker Siddeley is grounded

THE CITY expects HAWKER SIDDELEY, the electrical and mechanical engineering group to report what will start first-half pretax profits of about £73m last year (£71m) on Wednesday. This would follow lower pretax profits of £132m (£160.3m) for 1986, a year when the group was hit by falling oil prices and exchange rate movements.

The company's large exposure to the dollar in various forms in the US, Australia and Canada continues to be its biggest problem, according to some brokers. But they are somewhat better second half ahead, with the diesel business gradually recovering from the downturn in ordering by the main oil producing countries last year.

Sir Peter Saxon, the chairman, has already given warning at the AGM that the

first half could be disappointing, but said that for the full year the group would return to growth. Analysts suggest that the company's recent acquisitions could provide a useful contribution in the second half.

Hawker has bought a number of companies in the US for cash, which are expected to provide immediate returns. A better second half could take the year's pre-tax profits to as much as £169m.

WOLSELEY, the plumbing and heating distribution group, is expected to improve pre-tax profits from £50.2m to about £76m when it announces its figures for the year to July 31 on Monday.

Both the UK and US operations performed extremely well, with growth organically and

through acquisitions. In particular, the Ferguson chain of plumbing and heating distributors on the East Coast of the US showed a significant advance.

However, the non-Nigerian side of the business saw good performances... The Customs tolleristics operation has done well, improving in all three major operating areas: the UK, Kenya and Australia. Investment income should be up and the tax charge will be down from 50 per cent to about 40 per cent this year, in the absence of last year's emergency tax levy in Nigeria.

For C. H. BEAVER, the building group which publishes preliminary results on Tuesday, most analysts are forecasting pre-tax profits of £60m or more, against £31.1m. The bulk of this growth is expected to be from acquisitions, in particular Gifford Hill in the US, French Kier, and for ten months, from Whitemarsh Yorkshire. But Beaver is also expected to show substantial organic growth, with housebuilding in the UK providing a great deal of the impetus.

HIGHLAND DISTILLERIES, the proprietor of Famous Grouse Scotch whisky, is expected to lift pretax profits from £10.3m to about £15.5m. When it announces results for the year to August on Monday.

The impressive pre-tax growth of 22 per cent in the first half is unlikely to be repeated, as some of the rise there was attributed to consumers buying ahead of a price increase.

None the less, Highland has recently become more competitive in the Scotch market and it should benefit from increased promotion. Analysts expect a rise of perhaps 7 or 8 per cent on last year's 2.18p per share dividend.

Mike Smith

Results due

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Silver lining looking thin

LAST WEEK a deep change

occurred in the US stock market.

It was not simply that the

stock market fell—though it did

that, and with a vengeance—the

Dow Jones Industrial Average

lost 12.12 points or over 5 per

cent on the day before Monday

and Thursday.

It was more: last week the

US stock market lost its optimism.

It stopped thinking that

\$3,000 on the Dow is inevitable

—the Dow Jones Industrial Average thinking that a

market fall is just an opportunity

pursued by Ronald Perleman of

Kevon, fall 43% on Thursday to

5364, despite the company's

report of higher earnings.

The professional takeover

speculators—known as the arbitragers—appear to have

decided that with interest rates

where they are, takeovers are

becoming expensive to finance.

Or interest rates may be sig-

nalling at last that the US

market is beginning to

fear that the game may be up.

And Monday's announcement

that nearly five years non-stop

is heading down into recession

and will soon be dragging corporate profits and cash flows

down in its wake.

Not everyone has suddenly

become bearish. There are still

optimists, the most fashionable

argument that company profits

will eventually send stocks higher.

The pessimists have the

potential to become optimists

and buy. For those who have

trouble with such looking-glass logic, there is a more compelling reason to buy US stocks. Since the peak on August 25, the market has fallen more than 15 per cent.

The economy is reasonably

strong, the weak dollar has

boosted foreign earnings on

translation and restructuring

at home has cut corporate overheads. Last week saw some solid, if well-disguised, profit growth.

Pepsi-Cola was up 26 per

cent in the third quarter. Coca-Cola 16 per cent. Philip Morris 31.8 per cent. Time 78 per cent and Upjohn 28 per cent.

Those banks that did not

make large provisions against

Third World loans did well,

with Marine Midland up 36 per

cent and Continental Illinois 44 per cent.

IBM was controversial. The

stock market's largest and most

studied company reported on

Tuesday and seemed at first to

be doing all right. Profits

actually rose on a year-on-year

basis for the first time in six quarters.

But then the market looked

at the 12 per cent increase and

the shrill grumbling, complaining

that some of the increase came

from lower tax charges and the

sale of IBM's stake in Intel.

IBM, which has traded over

\$170, closed down 94 at \$169.1.

But then Wednesday came and

IBM's earnings did not matter

a fig because the stock was

tumbling, falling 84 to \$145.7.

On Thursday, it fell another

11, to \$134.5.

And Friday, it fell another

11, to \$124.5.

What could make last week's

fall third time unlucky is the

difference in values between

the two markets. A long bond

yield of over 10 per cent, which

can be locked in for 30 years, is

especially appealing.

As Jim Grant, editor of

Interest Rate Observers in New

York, says wryly: "At yields of

10 per cent, one may lose 10 per

cent of one's principal over the

next 12 months while still

being paid interest."

Mike Smith

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net per share, except where otherwise indicated. † Figures for nine months. ‡ Loss.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

• MARKETS •

Chill westerly wind

WHATEVER the origins of the winds which wrought havoc across Britain yesterday, the cold blasts which have depressed London share prices this week came blowing in from the same general direction—across the Atlantic.

Disappointing US trade figures and another upward movement in the prime rate sent the Dow Jones plumping for the second weak running, and London equities fell in sympathy.

The see-saw movements in the FT Ordinary index—down 23 on Monday, up 12 on Tuesday, down 127 on Wednesday and a further 218 on Thursday—in considerable measure reflected a tussle of war between these downward transatlantic influences and a more optimistic domestic picture.

The latest batch of economic statistics—on the producer price index and industrial production—were generally satisfactory, suggesting that industry was well under control while output was continuing to rise strongly.

And with a strong pound continuing to knock up against DMs—believed to be as high as the Government wants to see it go—there was a degree of confidence that UK interest rates could withstand even another increase in the US discount rate.

That said, the markets remain nervous of a further shake-out on Wall Street, while at home the latest set of trade figures

—statistics which have caused some of the most violent market upheavals of recent months—will be anxiously awaited next week.

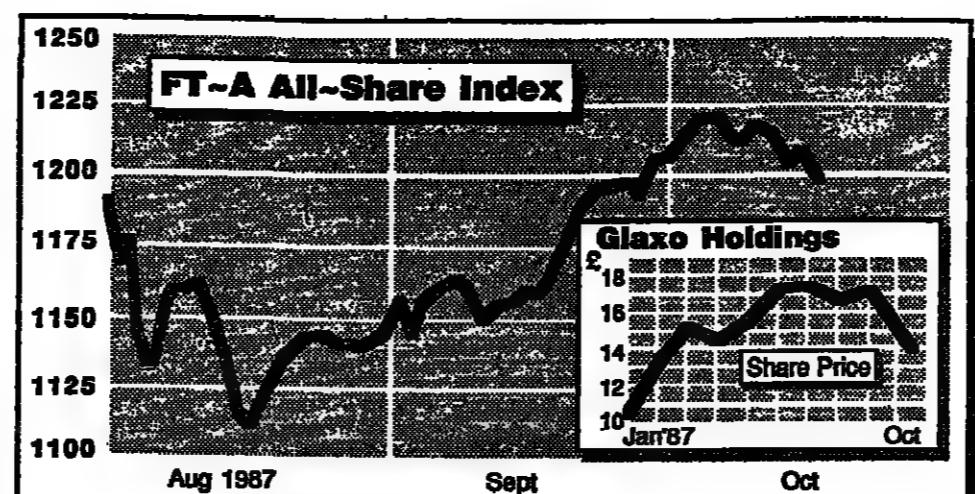
All this means a somewhat edgy market backdrop for Britain's biggest ever share issue, the £75m British Petroleum sale, which got into top gear this week when the Government unveiled the price at which the shares are to be offered to the public.

Small investors will have to pay 330p, of which 120p must be put up immediately and the rest in two 105p instalments. The fully paid price is 19p below the closing BP share price on Thursday night but the Government expects the market to value the new shares more highly, since their partly paid nature means purchasers get an interest-free credit.

According to the Government's advisers, small investors could see a premium of over 50 per cent when first dealings begin on October 30. A lot could happen in the markets over the next two weeks to affect that figure, either upwards or down, but it would take a fall of over 10 per cent in the fully paid price to wipe out the premium entirely.

A near 10 per cent fall in its share price was exactly what

London



as Beecham's, the market is not taking that much on trust.

Another surprise was sprung on the City this week, when Robin Leigh-Pemberton, the Governor of the Bank of England, who laid down a new policy on the ownership of Britain's banks.

He said he did not think banks at "the core of the financial system" should be controlled by industrial or commercial companies or by foreign institutions—though he also made clear his intention to judge each case on its merits, and implied there would be fewer objections to takeovers of small banks, or of those that did not play a key role in the clearing system or supply of credit.

The statement was regarded as marking a smaller than expected relaxation in the controls over ownership, given London's aim to be seen as an

attractive, open international financial centre. And it immediately flew away a lot of speculation bid fruit which had gathered over the banking sector as investors looked for a new round of takeovers in the wake of Big Bang.

The news knocked the shares of several banks which have been at the centre of bid rumours, notably Morgan Grenfell. But hardest hit was a clearer, Midland Bank, in which Henson Trust, the industrial holding company, has built up a 6 per cent stake.

Midland was also the subject of a tentative bid approach some weeks ago from Saatchi & Saatchi, the advertising agency, which is keen to move into financial services. However, this week it was new

from its core business which

Here comes Big Nanny

AS THE City lurches towards the anniversary of Big Bang, it is becoming clear that all is not well in the world of banking and high finance.

Spectacular sackings at Chemical Bank and Salomon Brothers have this week highlighted the risks associated with telephone number salaries.

The argument in favour of Sanders' shares relies on a gloomy prognosis for the labour market in the square mile. By contrast, the market for buildings tailor-made to house the security houses' remaining employees is buoyant.

Outplacement is a concept imported from the US, where it is very big business. Sacked executives are recruited into their next job assisted by placement agencies and secretarial services.

It is the former employer, not the employee, who pays for this service, so there is no point in trying to get on less caring corporation.

The fees, and the success rate, are high. Saunders claims to place 97 per cent of its candidates within four months of their dismissal. For each candidate, the company charges a flat fee of £750 and 15 per cent of the employee's leaving salary.

Sanders has traditionally serviced blue-chip marketing and industrial companies, but in recent months has seen a surge in business from City institutions which were recruited in the run-up to Big Bang, paying sky-high salaries.

Ted Simpson, a Sanders director, confirms that his company now works for no fewer than 35 banks, and that business is booming.

"It is only the mass dismissals which make the headlines," he said yesterday, "but they represent only the tip of the iceberg. The fallout has been fairly general."

As the Eurobond markets stamp and the big securities houses get round to rationalising their bloated payrolls, there are likely to be many more candidates for Sanders' services in the coming months.

Conservative accounting policies meant that the figure was grossly understated and could not include the value of some of Stanhope's most promising developments.

David Waller

Junior Markets

dealing. Its shares jumped from the striking price of 250p to close at 310p, giving it a market capitalisation of £345m, nearly three times the value of its assets as stated in its prospectus.

According to the company's advisors, the shares had only to rise another 3p to overtake Mrs Fields— but hurricane-induced mayhem meant there was no possibility of them doing so yesterday.

A company of Stanhope's size and stature—Smart Lipton, its chairman, is a much-revered figure in the UK property world—could clearly have gone straight to the main market, but for the fact that it lacks the required five-year financial record. The record from June 30, 1984, is impressive enough on its own, showing growth in net tangible assets from £73,000 to £131m at the beginning of this month, or just 115p per share.

To some extent, Sanders' fate has reflected the benefits the company is likely to gain from the shake-out in the City, rising from a placing price of 100p to 180p on Thursday night. But analysts' estimates of £250,000 pre-tax profits

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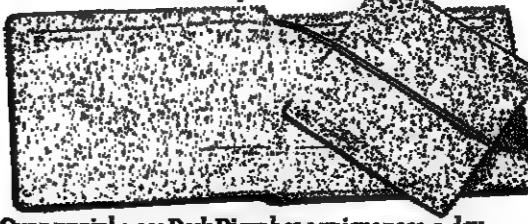
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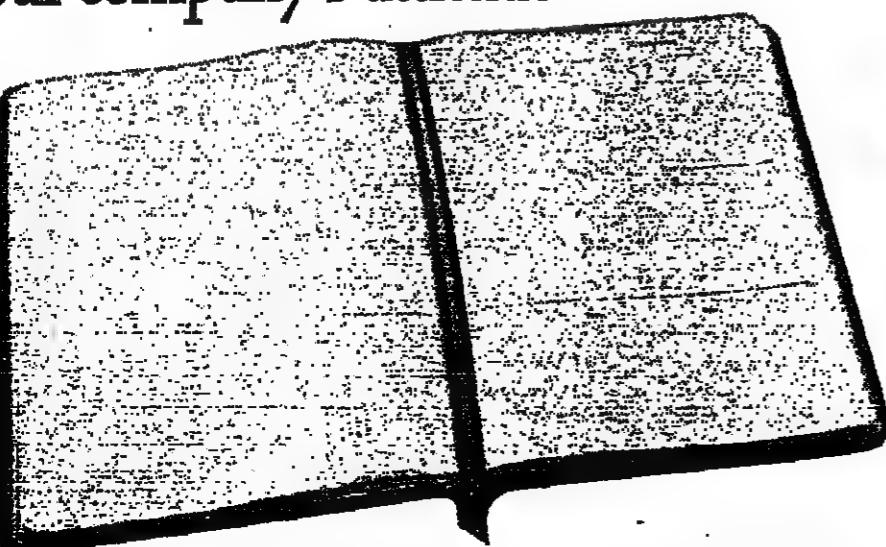
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• FINANCE & THE FAMILY •

FINDING THE winner of the FT Readers Race, run in conjunction with the Great Investment Race, proved so difficult that in the end it was decided to split the prize between two competitors—a retired business man in Lincolnshire and an investment adviser working for a London unit trust group.

The problem in deciding a single winner lay in the fact that two popular stocks, Britoil and Consolidated Gold Fields, yielded virtually the same total return, including dividends, in the year of the race which ended on September 23.

Readers were asked to pit their skills against the teams competing in the Great Investment Race by using a mythical

portfolio of £25,000 to invest in multiples of £7,000 in up to five shares from the FT-SE 100 Index list of companies. You were entitled to use the £7,000 multiples in any way, either choosing several shares or putting the whole £25,000 into a single stock.

Canny readers quickly realised that if they were to win the £2,500 worth of Prudential unit trusts—offered by the Fru, which sponsored the Great Investment Race—their best chance was to put the whole £25,000 into one share and hope it turned out to be the top performer.

That brought the first problem in finding a winner. If you invest £25,000 in one block, in

some cases you would have been able to buy slightly more shares than if you bought in tranches of £7,000. Consolidated Gold provided a good example of this. The purchase price at the start of the race last September stood at £5.53 per share. At £7,000, you could buy 1,285 shares for £5,995.45, leaving £4.55 over. Multiply that by five and the total is 5,425 shares. However, you get an extra four shares—5,329—if you make one single purchase of £25,000.

There was such difficulty with Britoil. Its purchase price was £1.25, so the full £25,000 was utilised without any being left over.

After some head-scratching, it was decided that even if the rules, drawn up for a charity race, were not as strict as those might have been, the investment firm had specified an investment of "£25,000 in units of £7,000." The spare sums not invested were to be retained and added on to the value of the final portfolio. In next year's race, to avoid this happening again, readers will have to invest in a proper portfolio of a selected number of shares.

The rules also specified that "any dividend paid by the company in the course of the year" would be retained and added to the value of the portfolio, without interest, at the end of the year.

This raised another problem. In the case of Britoil, the company paid an interim dividend of 3p on October 1, 1986, but the shares were ex-dividend before being bought on Septem-

ber 24 so the interim could not be included in the interim value of the portfolio.

The dividend of 6p paid during the year was obviously eligible for inclusion but the interim dividend of 3p declared for payment on October 1, 1987, although due to the investor, was not actually paid over during the course of the race period ending on September 23. So, you could argue that it should not be included either.

As it turned out, the total of dividends paid was vital in deciding the winning share. Buying in tranches of £7,000, the capital value of Consolidated Gold showed the biggest increase. The share price jumped from £5.53 to £14.25 after the £7,000 increase to £17,988.14. Add on the net dividends of £322 and the unused investment money of £4.55 and you get a total return of £18,190.

The Britoil share price rose from £1.25 to £3.16, boosting the

capital value of £7,000 to £17,896—below the gain made by Cons Gold.

However, if you include the final dividend of 6p and the October 1987 interim of 3p, the net dividends are £504 to be added to the value of the portfolio—making a total return of £18,300, a bare £5 above Cons Gold.

In the circumstances of the uncertainty surrounding the second Britoil dividend and the £7,000 tranches, it was thought best to split the prize between the two competitors who had picked Britoil and Consolidated Gold.

A further complication, which had been anticipated, was that 60 entrants put their full £25,000 into Cons Gold and 29 entrants the full amount into Britoil. To allow for this happening, readers were asked also to forecast the level of FT-SE 100 index, quoted in the September 23, 1987, issue of the FT, as a tie-breaker.

Not many readers expected

the index would soar from 1,610 to 2,324.8 during the period of the race. So, in both cases, the highest forecast turned out to be the winner. Among the Britoil entries, the highest index forecast was 2,037.4—quite a way below the actual figure. However, the top figure among Cons Gold entrants was very much closer at 2,306.7.

Using the tie-breaker,

the winning Britoil entry was sent in by Francis W. White of Boston, Lincolnshire. Aged 75, he has been dabbling on the stock market for more than 30 years.

He is mainly a short-term investor, looking for capital gain rather than income especially from smaller companies.

Why did he choose Britoil as his single share selection? Gut feeling. The oil price a year ago was very depressed and he considered it had the most scope for going up. He was right.

His forecast of a substantial rise in the FT Index was based on more logical grounds. Although the index had already risen considerably, he felt that while UK companies continued to report higher profits, a further big rise was on the cards.

The winning Cons Gold entry came from Chris Paul, 42, of Wimbledon, London, who was only a day out in being spot-on with his index forecast. He works in the City for the M&G unit trust group.

Paul started in 1971 with stockbroker Sheppards & Chase and moved to Rowe & Rudd but was made redundant after the

1974 stock market crash. He joined Touche Ross, the tax accountant, for some 10 years before moving to M&G in 1986 as client investment adviser and was then promoted to broker investment adviser for the group.

This is the second time he has won a prize by forecasting the FT Index correctly. Three years ago, in a competition organised by a Sunday newspaper, his prediction for the index was correct up to two decimal points.

Paul is a "retired chartist. For the Readers Race, he used a small graph of the FT-SE In-



Francis White . . . looks for capital gain

Chris Paul . . . a dedicated chartist

Lloyds' card rate changed

LLOYDS BANK has decided to change the interest rates for overdrafts taken out by American Express Gold Card customers. Instead of charging a maximum of 2.5 per cent above base rate from November 5, it will change the rate to a flat 1 per cent monthly (equivalent to 12.6 per cent annually).

While base rate remains at its present level of 11 per cent, the new minimum rate at Lloyds will make it the cheapest form of borrowing for holders of gold cards. However, if base rate drops below 10 per cent, then Lloyds will be more expensive.

Lloyds says the change is in line with its general policy of moving to managed monthly interest rates, which it claims do not have to be changed as often as those tied to base rate. It adds that managed rates are

J.E.

easier for customers to understand and plan ahead.

American Express said it had been consulted but it was a decision for the bank which provides the overdraft funds.

It is not changing its rates for gold cards issued by the American Express bank or the Royal Bank of Scotland, which promotes the same card.

Lloyd's has already gone its own way with Access, another joint exercise. It recently raised its charge to 1.8 per cent a month while other Access banks stayed at 1.75 per cent.

The overdraft facility, allowing customers to borrow up to £10,000 guaranteed without having to ask, is one of the genuine attractions of gold cards. It provides one of the clearest forms of short-term loans with no specified repayment period.

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General Information: Estimated gross yield of the initial offer price: 0.76% European Growth Fund, 0.25% Far Eastern Growth Fund and 1% American Growth Fund. Net income is reinvested annually on 20th November for European Growth Fund; annually on 31st May for Far Eastern Growth Fund; annually on 31st May for American Growth Fund. Each distribution will carry a tax credit at the basic rate of 10%. **Ex-Subscription Surcharges:** For European Growth Fund 2.1% March; American Growth Fund 2.1% March; Management Unit Trust Managers Limited, PO Box 15, Kingsgate House, Colindale Street, London, EC9P 0HZ. *A unit changes its value daily by 5.25% (rounded to the nearest 5p). **Units:** Units are redeemable at the price of the Unit Trust. Any investor in the CU Unit Trust Funds through a financial intermediary will be subject to a 2% redemption fee. **Redemption:** Units may not be sold to US residents and the manager reserves the right to refuse any application which is made by a person resident outside the UK. *To be eligible for these offers persons must be 18 years old or over. *Prices and yields will be published daily in the financial press.

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Take a pinch of salt...

Richard Waters looks at another aspect of what to look for in company reports

IN COMPANIES' annual reports the financial statements, such as the profit and loss account, balance sheet and funds statement, deal with "hard" information drawn up according to prescribed rules and verified by auditors.

But most annual reports contain a lot more "soft" information, which should often be taken with a large pinch of salt. The chairman's statement, for instance, is not audited and presents the company in the best light.

Sorting out the useful from the misleading is only possible if the reader is prepared to dig deeper for evidence of explanations presented and to test the management's claims.

The accounts of most large companies have had a facelift in the past few years. This is generally good news for readers, since information is normally better presented and more accessible.

But it also means that window-dressing is becoming common as canny publicists find new ways of dressing information in its finest garb. At best, the information stands out clearly; at worst, the few facts are hidden away in unpalatable notes to the accounts (invariably in the smallest print and on the lowest quality paper).

Most accounts begin with "financial highlights." These show, often with the use of elegant graphics, the key financial highlights of the previous year, such as profits and earnings per share growth.

The astute reader will notice that the graphs virtually always point upwards. This may be because the graphs which point down have been left out. Or it could be that previous year's figures have been restated so as to make the latest year's more attractive.

The highlights are not justified and it is not unknown for unscrupulous managers to massage figures to present the right impression. The high-

lights are best glanced at briefly, and should not be regarded as a handy abbreviated version of the full accounts.

The chairman's statement, which presents the company's views on its performance and prospects, is also designed to instil confidence. Nevertheless, it is usually a good starting point whatever gloss the chairman puts on the facts, he cannot help but highlight the main issues.

It is common for chairman to blame a bad performance on extreme competition in the markets in which they operate, or their suppliers, on political factors or on anything, in fact, except bad decisions by the directors themselves. The reader should question these excuses, and look for what the company is doing to overcome the obstacles.

A good chairman's statement should help the reader to assess the company's prospects. It should cover such external factors as the state of markets, the strength of currencies in which the company receives its income, and so on. It should also explain internal matters like the company's strategy and how much it is spending on research and development for its future prosperity.

The narrative is often continued in a chief executive's report or operational review. In the best annual reports, these are vital parts of the document. A company should explain how it has done in each area of its operations. It should include an analysis of turnover and profit by product. Companies also operating overseas should also provide an analysis by country.

Most large companies operate in more than one country or more than one market. These breakdowns are the only way a reader can get below the surface of overall performance to find out about the health of each part of the business.

A handful of companies also analyse the assets and capital tied up in various parts of their business. This, again, is key information: it allows the reader to assess what return the company is making on its assets.

For instance, a company may employ most of its assets or fully explained.



FINANCE & THE FAMILY

John Edwards on the launch of the Royal Mint's bullion coin

Britannia's golden image

BRITAIN'S new gold bullion coin, the Britannia, was officially launched by the Royal Mint this week. It is available in four sizes - 1oz, ½oz, ¼oz and 1/10th oz - 22 carat gold alloyed with copper. One side of the coin, the reverse, features an image of Britannia, specially commissioned from Philip Nathan, a former engraver at the Royal Mint. The obverse side has a portrait of the Queen by Raphael Maklouf.

In the UK, because of the coin's name, a special arrangement has been made for the British Bullion Society to be retailing agents. It will also be available from banks, stockbrokers and bullion and coin dealers.

As legal tender the coin has an artificial face value—it is £100 for the one ounce coin. But the real price at which it will be traded is, as with other gold coins, to be based on the daily movements in the bullion price, as expressed in the two London "fixings," plus a premium and Valued Added Tax. At current levels a one ounce coin will sell at between £350 to £380 in Britain, including around £50 VAT.

Much of this analysis, if not found here, may appear in one of the first notes to the account of the first notes to the account. Too many large companies hide behind the excuse that this information is a commercial secret. In reality, those with a good story to tell are seldom slow in telling it.

Unlike the chief executive's review, much of the content of the directors' report is prescribed by the Companies Act.

Companies must disclose, for instance, the shareholders of the directors and how these have changed over the year.

And interestingly, directors have contracts involving the company must also be revealed.

Much of the information in the directors' report may be of little use. Requirements to explain the company's research and development policy, and its attitude towards employing disabled people, usually elicit little more than platitudes.

Of more interest may be the disclosure of how much it has contributed to political parties and charities, and whether the company's auditors are to be reappointed. Auditors are hired or fired by directors even though, in theory, this is the shareholders' job; it is very rare for shareholders to disagree with the directors' choice. Any change of auditor should be explained.

There is a further problem when buying unit trusts. Even



Coining it: Britain's answer to the Krugerrand



expected to continue sales in Britain to a few enthusiastic buyers, such as via banks in the Channel Islands or Switzerland, but this offer does not appeal to the basic instincts of hoarders who like to hold a tangible asset rather than a piece of paper.

The addition of VAT, which has effectively killed demand for bullion coins in the UK, is

helping to fill the void left by the import sanctions against the Krugerrand, which led to its production being discontinued.

There is strong competition from a variety of other gold

coins like the Canadian Maple Leaf and newcomers such as the American Eagle and Australian Nugget.

Nevertheless, Wolf reckons that it can achieve an attractive return even by using only a relatively small proportion of your total investment for trading purposes.

Dealing on margin in the futures market means that there is a high leverage which can bring either rich rewards or disastrous losses. But even if Wolf, which spreads its money out among a range of futures contracts to reduce risk, suffers a disaster your original capital is still safe in the bank.

The downside is that there is a minimum investment of £10,000 and you have to lock your money away for four years to get the guarantee—so you lose the normal return that

money might have earned if it had not been used to provide security or Wolf's to speculate on your behalf in the futures markets.

Futures package

SAFETY and high risk, combined in one package is the deal offered by the Investment Guaranteed Commodity Fund launched recently by London futures brokers, Rudolf Wolff.

Combining a money-back guarantee with a futures fund investment is not a new idea. But Wolff's has taken it a stage further by providing an extra form of security to ensure you get your money back—a guarantee certificate counter-guaranteed by a major international bank.

So even if Wolff suffers a major disaster, the bank will still guarantee that you get your money back as promised.

Wolff has also cut the period for which you have to lock your money away for it to be returned in just four years. This means that the percentage of your total investment deposited with the bank, earning a sufficient return for it to grow to the guaranteed amount in four years, is quite large so there is less available to "play" with in the futures markets.

Nevertheless, Wolff reckons that it can achieve an attractive return even by using only a relatively small proportion of your total investment for trading purposes.

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money might have earned if it had not been used to provide security or Wolf's to speculate on your behalf in the futures markets.

Remy and PEPs, please

THERE IS no hiding place for investors. Even if you take to drink, you are no longer safe from the blandishments of those seeking to sell financial services.

One of London's best known stockbrokers, James Capel, has decided to promote its wares via the drinks trade. In an unusual promotional tie-up,

Martin cognac will receive, via a neck collar, an invitation to apply for what Capel calls its Privileged Investor Card.

Everyone applying will be sent a Privileged Pack which outlines the range of financial services offered by the group, including discounts on buying unit trusts and its PEP plan.

Brian Tava, of Capel, says the promotion is aimed mainly at

people who have not used a stockbroker before. However, by linking itself with a prestigious consumer product, it is seeking a higher profile in the private investor market.

The link with Remy Martin, which is sold all over the world, also fits in with Capel's plans to develop private client business overseas.

J.E.



How do you make millions from a man wearing stockings?

In 1577 Sir Francis Drake set off around the world, returning three years later with untold millions in plundered treasure for himself and his royal backer, Elizabeth I. Although we're all four hundred years too late to invest in the best stocked millionaire, all is not lost. Scottish Life's new Drake Trust is a unit trust that will set sail to find the treasures of the investment world—and bring back the spoils for its investors.

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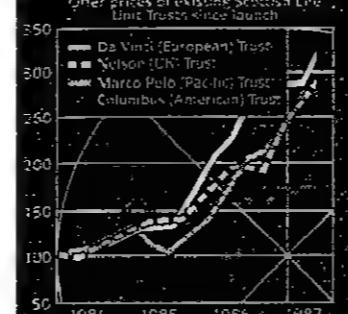
Worldwide investments offer far greater potential than a single geographical area. Shifts in world markets are often very spectacular. In 1986 the Belgian stockmarket rose by 80%, the Italian market by 105% and Japan by 96%.*

The Drake Trust will be able to seize opportunities when and where they occur and the fund managers anticipate exciting future prospects. It should be remembered, however, that the

price of units and the income from them may fall from time to time as well as rise.

INVEST NOW

So don't miss your chance to invest in a man wearing stockings—complete the coupon today or you can buy units by phoning (free of charge) 0800 393 727.



FACT FILE

The deed allows for a maximum annual charge of 1.15% per annum. The Managers will give unitholders at least three months' written notice of any change.

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BRIDGE

SATURDAY, October 24, sees the start of a new series of International Bridge Club on BBC2 with the World Bridge Tournament on board the Canberra. Here is a preview of two of the hands from the "Chicago" tournament. The first:

N
♦ A K 10 4
♦ 8 6 2
♦ A K Q 9 8
♦ 7 5 3 2
W
♦ Q 10 9 6
♦ 7 3 8 4 2
♦ Q 8 5 4
♦ 4 2 + 6 5
S
♦ K 7
♦ 7 6 2
♦ J 10 7 3
♦ J 10 6 7

South dealt at love all and after two passes North opened with one club; East said one spade, South raised to two clubs and West bid two spades.

North now said three hearts, a strong reverse bid, and East came in at four with three spades.

In spite of his tenous spade holding South bid three no trumps, and all passed.

West led the five of spades; East won and returned a spade to the king. South has eight top tricks — where was he to look for the ninth? A double finesse in hearts would work, if West held both queen and knave, but there was also a possible squeeze against East.

South led the eight of clubs to the ace, cashed the king, dropping the 10 from hand, and both opponents followed twice. The three of clubs was won by the seven, East throwing a spade and West a diamond, and South switched to the two of hearts, of which West played the eight.

The declarer rejected the double heart finesse in favour of the squeeze, so he won with dummy's ace and switched back to the club queen, on which West threw another diamond.

The club queen tightened the

screw on East, and in a desperate attempt to mislead South he discarded his nine of hearts, and on the nine of clubs, which came next, the knave. Declarer was not fooled: he cashed the heart king, dropping West's queen, and made his contract with an overtrick. The second hand was dealt by North at game all:

N
♦ Q J 9 7
♥ 10 8
♦ K 6 3 2
♦ A 8 5
W
♦ 10 8 2
♦ Q J 5 4
♦ Q 10 8 3 2
♦ K Q 10 7
S
♦ A K 6 5 4 3
♦ K 5
♦ A 7 5
♦ J 4

After passed by North and East, South bid one spade, West overcalled with two hearts, North raised to three spades, and South bid four.

West led the club king, which held, and the queen was also ducked in dummy. West switched to the 10 of spades. Winning with dummy's queen, declarer cashed the ace of clubs, discarding the five of diamonds from hand.

Crossing to the ace of diamonds, he returned to dummy's king and led a third round. Both were ruffed and south cashed the six was now good. He crossed to the knave of spades, drawing East's last trump, discarded his five of hearts on the six of diamonds and claimed his contract, conceding one heart to the ace.

Note those two ducks in clubs, which enabled the declarer to set up dummy's fourth diamond without letting East into the lead for a fatal return. Very fine technique.

The popular Bridge Player's Almanac for 1988, with many useful features, is now ready. For details and order apply to Rhoda Lederer, 5 Ellis Avenue, Chalfont St Peter, Bucks (0753 884141).

E. P. C. Cotter

Reluctant executor

I have been advised that I have been made a sole executor under the terms of a will.

I do not wish to accept the responsibility so, if the testator declines to make a codicil amending the position to take account of my objection, in the event of the testator's demise while I am still alive, how would I go about renouncing the executorship?

In the absence of family and friends to take over the appointments, who would legally take over the responsibility?

You cannot be forced to accept an executorship. You need do nothing on the death of the testator until asked if you wish to prove the will, in which case you can reply that you renounce the beneficiaries, or two of them, can apply to the probate court for letters of administration with the will annexed" which will enable them to administer the estate.

Contract is valid

In 1984 I made a deal by telephone to purchase shares to the value of £1,000 in an authorised unit trust, and received a contract note for same from the managers of the unit trust fund.

Due to an oversight the payment for the above was not sent, although I have not since had any letter from the managers to cancel the contract.

I hold shares in a variety of overseas countries, and am puzzled by the tax treatment applied by my brokers. For Thailand, for example, they convert the gross dividend into pounds, show the deduction of the 20 per cent Thai tax, and then deduct a further 20 per cent UK tax calculated on the original dividends stem which was not ever paid.

What if we then decide to buy another property in Aberdeen? Would we be liable to CGT on the flat or is there a time interval where the CGT would be waived? Reverting back to our main residence in England, this is in my name only. We have had conflicting advice on the benefit of transferring the deeds to joint ownership. My wife leaves the house to my wife but one view is that our children (son and daughter) could claim a share. What would you advise please?

The brokers are experienced and I doubt if they are wrong. Cannot this system be challenged? It seems to have

or remain me of payment due. I have written in the past few weeks to both the managers and the registrars re the above without receiving any reply.

As the value of the units in the fund now stands about 50 per cent above the original purchase price, can you please advise if I can still claim the units at my original purchase price and, if I can, what steps

I should now take to either enforce the contract or cancel same as the case may be?

Your contract note evidences the oral contract which you made. You can require it to be completed but you must of course tender the purchase price.

Error by brokers

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

my wife would inherit half the property and my three children would share the remaining half — will or will not (I know nothing about French death duty.) Is the event of my death, which law is going to apply to the property in France — British or French? Or is there a Common Market law applicable to property owned in the EEC countries?

I am anxious to minimise death duties and your counsel would be much appreciated.

A will of an immovable (land

that I have made in my will are not in line with Swiss law on such matters, and I wonder if you could comment on whether my original will would be enacted, whether two wills should finish up with my assets subject to two wills, or what?

It may be that you have acquired, or are acquiring, a Swiss domicile. You should therefore consult a lawyer in that country with a view to making a will which will be effective under the law of that jurisdiction. It may be convenient to have both an English and a Swiss will, but the former will not apply to property other than land if you die domiciled in Switzerland.

Hammered by builders

I am engaged in litigation with some builders who did some work for me. A lot of remedial work was required which they refused to do and I am now in the process of taking proceedings against them. I am however informed that I cannot get my costs back from the builders even if I get judgment against them.

That is of course my legal costs prior to the actual hearing.

General opinion seems to be the same. Is this the law or just simply general practice?

While you cannot recover as costs of the action, legal costs incurred before the instructions immediately before action, it may still be possible to include some legal costs as foreseeable damage, depending on the precise nature of the work for which the costs were incurred.

A tale of two wills

I am British and have now lived in Switzerland for two years, with every intention of staying here. Prior to this I worked in Switzerland some years (for nine years), but otherwise

I have always been living in the UK, never having paid Swiss income tax. My two grown-up daughters live in the UK and while I lived there I made a will. I still own a flat in London now occupied by one of my daughters, and have a portfolio of UK shares handled via a UK stockbroker.

I understand the provisions

T here is a theory currently being promoted that crude oil can be turned into pure gold. We genuinely hope that it's right.

But we believe that to invest in any one share issue, however exciting, is not necessarily the way for the careful investor to go about investing his savings.

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Gartmore

*Source IDCOpal offer to bid net income reinvested 1st October 1987.

Gartmore Income Fund

Information contained in this document is confidential and is intended for the addressee only.

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The minimum investment is £1,000 plus £10.00 postage.

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The Fund has an exit fee of 2.5% plus VAT of the value of the units held.

Investments are held in the Gartmore Income Fund.

</div

TRAVEL MOTORING.

Annalena McAfee treads in the footsteps of Churchill

Have some Madeira, m'dear

WHEN Captain James Cook landed on Madeira in 1768, he declared the island was "the recipient of Nature's most liberal gifts." This bounty included a climate admitting only two seasons, spring and summer, and a soil of extractive fertility. This balmy green flick in the Atlantic, only 35 miles by 13, bristles with more plant life per square inch than the average Victorian bottle garden.

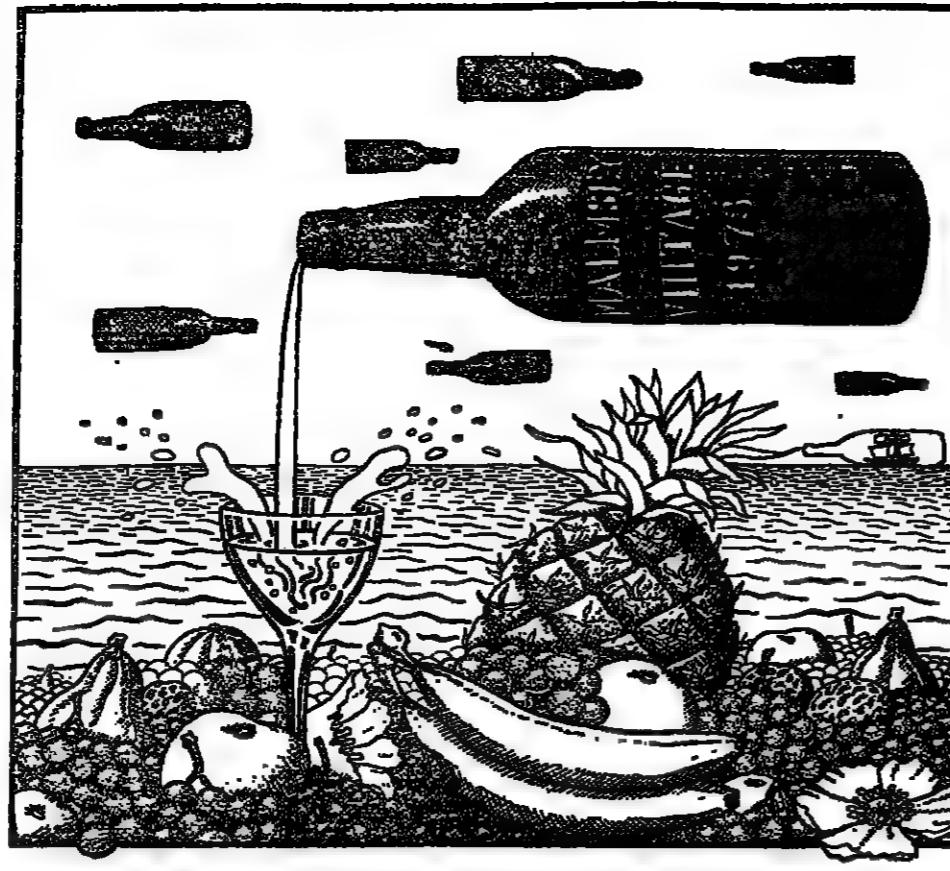
Sited on a major seafaring trade route, Madeira has been a haunt of botanists for centuries. Captain Cook's Endeavour expedition included a number of plant-hunters who collected specimens with an enthusiasm more usually associated with buried treasure.

In turn, Madeira hosted and eventually naturalised many species of fruit and vegetables from all over the world on its assiduously-cultivated mountain terraces. Papayas and mangoes were introduced from South America, dwarf bananas from the Canaries, guavas from Brazil, pineapples from the Azores. From Brazil, also, came three types of passion fruit, used in the soft drink Marmalade. From Crete came the grape (Malmsey) grape that first gave Madeira its unique, eponymous fortified wine.

For a snapshot impression of the island's cornucopia, the covered market in the capital of Funchal is a vast arena where colours compete for attention — arresting oranges (the bird of paradise flower), hot pinks (roses so perfect they seem to be made of marzipan), citrus yellow (mimosa) dazzling alongside abundant mounds of exotic fruit.

Downstairs, the atmosphere is, appropriately, more subterranean and the air less fragrant. Heaps of what appear to be glistening black leather scraps hang over trestle tables. These prove to be piles of black espada, a fish whose hideous appearance—with jagged teeth frozen in rictus—belies its superb flavour and delicate texture.

The espada is caught at depths of up to 3,000 ft, mainly by trawlers based in Cascais de Lobos. It was here, overlooking the small bay, that and paint his watercolours. The



Anthony Brown

Winston Churchill liked to sit in the Snack Bar Churchill marks his favourite spot, with views of the long-prowed boats, as gaily painted as children's toys.

Madeira has long been a favoured winter retreat of the genteel British. Several restaurants in the Madeiran capital offer English fare, including roast beef and Yorkshire pudding. But it was the son of a Scottish crofter who created the hotel which became synonymous with luxury on the island. Given the sum of £5, William Reid was cast out from his Highland home at the age of 14 and went to make his fortune.

He duly did, first in the Madeiran wine export trade and then in the hotel business. Reid's Hotel, set on a cliff in 10 acres of sub-tropical gardens, still recalls the elegance and

serenity enjoyed by the gilded few in the days when the map of the world was a pink at their gin.

It was at Reid's hotel that George Bernard Shaw met, in his own words, "the only man who could talk about evolution." This was the resident ballroom dance tutor. The refined gaiety of the place must have been infectious, for this was the first time GBS seriously braved the dancing floor.

Tea at Reid's remains an institution, partaken in reverent silence seated in plump chintz chairs. The silence is an involuntary mark of respect for the ritual but it also ensures that there is minimum wastage of the scrumptious pastries which accompany the perfect pot of tea.

Another Madeiran treat is a

visit to the Museum of Sacred Art, which houses a remarkable collection of religious paintings, vestments and sculptures from the island's many beautiful, mainly Manueline and Gothic churches. The museum is housed in the 18th century Bishop's Palace; the vast, sepulchral rooms linked by an imposing staircase.

Naive crudely painted wood-carvings of saints and a powerful 16th century pieta contrast with opulent gold and silver filigree crosses and thurifers and a chalice hung with amethyst.

A beautiful 16th century statue of Archangel Raphael, with a profile incense burner, stands on a gilded glass case like an exquisite French clock. A small carved Virgin, surrounded by stars and flowers, has to contend with serpents and pagelline cherubs wrestling beneath the hem of her skirt.

But the real splendours of the museum are the 15th and 16th century Flemish religious paintings, another legacy of the island's key position on the great mercantile seafaring route of that period. Most outstanding is a wonderfully sensual Mary Magdalene, her eyes purples from luscious paint, attributed to Henrik Mante-Boss. Of several vividly colouristic nudes, Mabuse's heavy chiaroscuro interpretation holds one most.

For many tourists, the perfect antidote to an afternoon of Sacred Art will be a spot of conspicuously profane commerce at the Madiera Wine Company. Here, at one of the oldest working wine lodges on the island, visitors can languorously sample the dry Sercial and Verdelho, the sweater Boa and the honeyed Malmsey before settling on the bottle—or crate—of their choice.

TRAVEL DETAILS: TAP Air Portugal (01-228 0262) flies to Madeira via Lisbon. Flares start at £297 return at high season (July 10 to September 13) and £189 off-peak. Caravelas (01-630 5366) offers packages to the Hotel from £291 per person for seven nights, including return fare. Thomas Cook (01-489 4900) also offers packages to the island, including seven nights at the modern Casino Park Hotel from £267, including fares.

V. Mallett

Hotel Polana

Away from it all

"OH, YES, you had Sarah. Lucky you. At the Hotel Polana, with the Indian Ocean outside." These envious words are addressed to Maurice Castle, hero of Graham Greene's novel, *The Human Factor*, by one of his British Secret Service colleagues fed up with the tawdriness of London.

Mozambique's capital Maputo (formerly Lourenço Marques) is a classic and its famous seaside hotel has both had their ups and downs since the Polana was opened in 1920.

The hotel's classical facade remains uniquely imposing, and the dining room magnificent. The glided lift-sage, manned by an attendant, still carries you sedately to your room. Provided you have obtained a sea-facing room (preferably one of the suites with balcony), you can still leave out, fanned by a breeze, and watch the fishing boats chugging scudding across the bay.

But do not expect all the paraphernalia or the services of a modern luxury hotel. This is Mozambique, and if you want your laundry back the same day, you have to mark it "express" and pay extra. There are no bibles on your bedside table,

no menus or guides to the hotel or fancy writing paper tucked away in a drawer. The radio probably does not work and soap is in short supply.

There are no taxis outside the front door, and the receptionist may laugh at you unkindly if you ask for one. Telephoning is painfully slow, and you will only occasionally get eggs for breakfast.

Few tourists stay in the Polana these days, although the beach is just up the road, but that is because few tourists now visit Mozambique at all. Spies probably still stay here. They came in droves during the war and watched the ships moving in and out of the port from the comfort of the pool deck. Businessmen, diplomats, journalists and international delegations find the Polana a pleasant temporary home and a convenient meeting place. They form the bulk of the clientele.

The Polana once privately owned but now taken over by the Mozambique Government, has improved dramatically over the past few years. "It used to be a disaster," says the manager, Alexandre Dantas, who is on loan from the Portuguese com-



Touch of class

pany Estoril-Sol International.

"One week after arriving here in 1983 I said to myself that I was going back to Portugal.

There was no food, no towels, no sheets and plenty of problems. Cutlery was in such short supply that diners would share a knife and pass it around the table."

Food and drink are not the problems they once were at the Polana. Lunch and dinner are usually served with a choice of two dishes for each course.

After trying Mozambique's famous prawns, you can enjoy the cool of the evening on the terrace overlooking the sea with a glass of European or South African beer or a bottle of Portuguese vinho verde.

• A standard double room costs approximately £65 payable in foreign exchange. Address: Caixa Postal 1181, Maputo, Mozambique. Tel. Maputo 741001, telex Mozambique 6273.

V. Mallett

THE ROADS of the United States are so marvellous that one wonders how the federal 55 mph (88.5 kmh) speed limit has lasted so long. It has now gone up to a dashing 65 mph (105 kmh) on certain interstate highways.

The "double dime" (55) limit was imposed to save fuel, and sustained in the name of safety. It seems odd, though, that while putting up with an absurdly low speed limit the Americans still refused to make seat belt wearing compulsory.

When I was in Georgia the other week, trying the new Mazda 626 range, I did not actually see any 65 mph limits posted. But a high proportion of the local drivers had sensible decided that if the road was clear and no police were about, even 65 mph was pretty slow for a six-lane highway in brilliantly sunny weather.

On the near-deserted rural roads, which are as beautifully engineered and surfaced as their German equivalents, bending the limit did not seem particularly wicked. But I was surprised to be overtaken at about 65 mph (105 kmh) in my 16-valve, 2-litre 626 coupe by a rust bucket of a pick-up truck doing a steady 80-85 mph (128-137 kmh).

The new Mazdas, which went on sale this week at prices from £5,719 to £12,949, have power steering as standard. There are 18 models with 4-door saloon, 5-door hatchback or 2-door coupe bodies. New 4-

cylinder engines are of 1.8 litres capacity only in the two cheapest 226s, the LX saloon and hatchback. The others have 2-litre 12-valve engines, except for the range-topping GTs, and they have twin-cam, 16-valve cylinder heads and fuel injection.

Mazda says the 16-valve cars are good for 128 mph (206 kmh). I saw nearly 120 mph (193 kmh) on the speedometer of a 2.0i GT coupe on the steeply banked Atlanta Speedway race track. I was more concerned with not scraping along the safety barrier than anything else, but the coupe certainly felt stable and the engine far from frenzied.

On the road this car, like the less potent ones I tried, was quiet and mechanically refined, with an excellent 5-speed gearbox and all-independent suspension that had little work to do on Georgia's smooth roads. A 4-speed automatic is offered on the 2-litre saloons and hatchbacks at £260 extra.

Even the cheapest 1.8 litre LX 4-door has a tilt adjustable steering wheel, rev counter and a 60/40 split fold-down rear seat. The 626 2.0i GT 4-door

coupe comes with alloy wheels, twin electric mirrors and power-operated glass sunroof.

The five-speedbox makes the Mazdas look keenly priced compared with European competitors, especially as they all have a top class Clarion in-car entertainment system thrown in.

Like the previous 626, which had a model life of four years,

I HAVE just seen the most romantic garden poised at a critical moment in its history. Until five years ago, the name of Ninfa would have meant nothing to me. I could not even have known that it had once been a flourishing medieval town set in the marshes south of Rome.

Then independently two great English gardeners told me they thought Ninfa was the most magical garden in the world. I was surprised. There seemed to be nothing in any garden book and no knowledge of the place among the average keen Englishman. Yet the site has been owned by the same Italian family, the Cestani, since it was given to them by a pope in 1297.

It was turned into a garden in the 1920s, at exactly the time when we all enthused about Hidcote and Sissinghurst and the efforts of their founding geniuses. Nobody seemed to mention Ninfa in the same context; but here it was, being commended as the equal of those great places.

There are independently two

other so-called "English" gardens made partly by Americans.

This taste passed to her children and ultimately to Lella Cestani, who combined the family's talent for planting with a gift for painting. She always liked to paint a site before she changed its flowers and design. She also married an Englishman, Hubert Howard, ensuring that the garden remained in touch with every thing England could offer.

As a result a familiar style has run riot in an unexpected setting. Up the tall Italian cypresses climb some of the sturkiest and biggest plants of Rome. Kiftsgate, that you could imagine clouds of white flowers cascade towards the walls of a deserted medieval church. There are enormous tricuspidaria with their lantern flowers, rare blue

and maize.

In March this year Hubert Howard died, and the line of

Cestani who wished to live in Ninfa ended. The Italian State would dearly have liked the garden, but the Howards feared marigolds and blue-grey conifers wisely left it to a Cestani foundation with orders that it should open about twice a month. The new director, Laura Martelli, has worked for years with the owners' taste and wishes, as have the staff of five gardeners.

Of course, there are difficulties. The garden has always been prone to frosty fungous. It is most unfortunate that the Howards last year saw three unimaginably cold winters which damaged some of the most precious shrubs. The death of an owner always casts a shadow and seems to encourage weeds.

However, it has a style of natural wilderness which ought to survive the problems. It also has the commitment and love of its Italian keepers, aware of their chance to continue a garden of a style and quality which exists nowhere else in their country.

To visit it, you must give warning. On days, so far, have been the first Saturday and Sunday of each month from April to October; you need a ticket obtained in advance from the Palazzo Cestani, Via Botteghe Oscure 32, Rome. Early spring is the time to visit, when wisteria-like tree houses are dripping beside the river and forgotten old roses like General Scialbella are opening among pale blue irises.

Autumn gold



Sargentias, one of the most beautiful of ornamental cherries, produced in tiny quantities compared with the favourites Kanzan Pink Perfected, Chital Weeping and Amanogawa.

These are all fine flowering trees but with not very much to offer after April. The leaves of P. Sargentia are coppery when young and, the colour, which can last for some time, is single and pink like almond blossom. In autumn almost before anything else has started to colour, the leaves change to orange, scarlet and crimson. This is a bold tree, too big for a small garden but just right to dominate an open space shared by several houses.

Among climbers, the vines and their relatives take pride of place. The best grape vine is Sargento, which grows from deep green to coppery red. This can be a fairly brief display but while it lasts it is brilliant.

The only other cotoneaster I know that gives good autumn colour is

pink and white flowers followed by great crops of red berries that the birds can seldom completely strip by Christmas.

Autumn from deep green to coppery red. This can be a fairly brief display but while it lasts it is brilliant.

For example, all the Japanese maples are excellent shrubs or small trees, beautiful from the moment they come into leaf in spring until they drop their foliage in autumn, and even after that offering intricate branch patterns which can be fascinating all winter.

But you will only need to buy it once, since it will present you with lots of self-sown seedlings which can be transplanted or given away to friends. In autumn the leaves become coppery red, some more so than others, so it is worth keeping a watch for especially good leaf colour.

The best berberis for autumn leaf colour is the B. Phoeniciflora, but the wild plant is not spectacular in either flower or berry. In a big garden, this deficiency can be covered up by planting it with other kinds, but in a little garden it will go for one of the hybrids.

There are a few of them but they do not figure much in garden centres, maybe because they are so wickedly spiny. Buccaneer and Pirate King are two of the best. As with maples, no berberis that has purple leaves in summer will change much in the autumn.

This is also true of Prunus

Arthur Hellyer

hard, to appeal to the sporting driver, but the rest of the car seems to be aimed at buyers who want luxury and comfort.

For example, the steering is so liberally power-assisted that it is quite effortless for parking and town driving, but I found it disconcertingly light on wet, winding roads.

ABS brakes are standard and, on the manual versions, is ECS — electronically controlled suspension. It allows the driver to alter the ride height on the move from low (for motorways) to normal for everyday motoring and high for very rough tracks or snow. ECS even makes wheel changing simpler and keeps the car level when load, all of which will be familiar to any Citroen BX or CX owner.

What I liked about it most were the adjustable steering wheel, slick gear shift, the electric sunroof, mirrors and windows, central locking, a good saddle and the vast boot, which swallows a couple of golf bags strapped on and masses of room to spare.

On the debit side, the aerodynamic spoiler on the lid makes reversing awkward. It seems a pointless frill on a car like the Sapporo — though it would be handy to stand glasses at point to point.

Prices start at £12,999 for the manual and go up to £15,043 for an automatic with ECS (£4 extra on two-pedal cars) and air conditioning.

Stuart Marshall cruises America's wide-open highways in a 626

No limit to amazing Mazda



The Mazda 626 1.8LX saloon... competitively priced at £8,719

coupe comes with alloy wheels, twin electric mirrors and power-operated glass sunroof.

The five-speedbox makes the Mazdas look keenly priced compared with European competitors, especially as they all have a top class Clarion in-car entertainment system thrown in.

Like the previous 626, which had a model life of four years,

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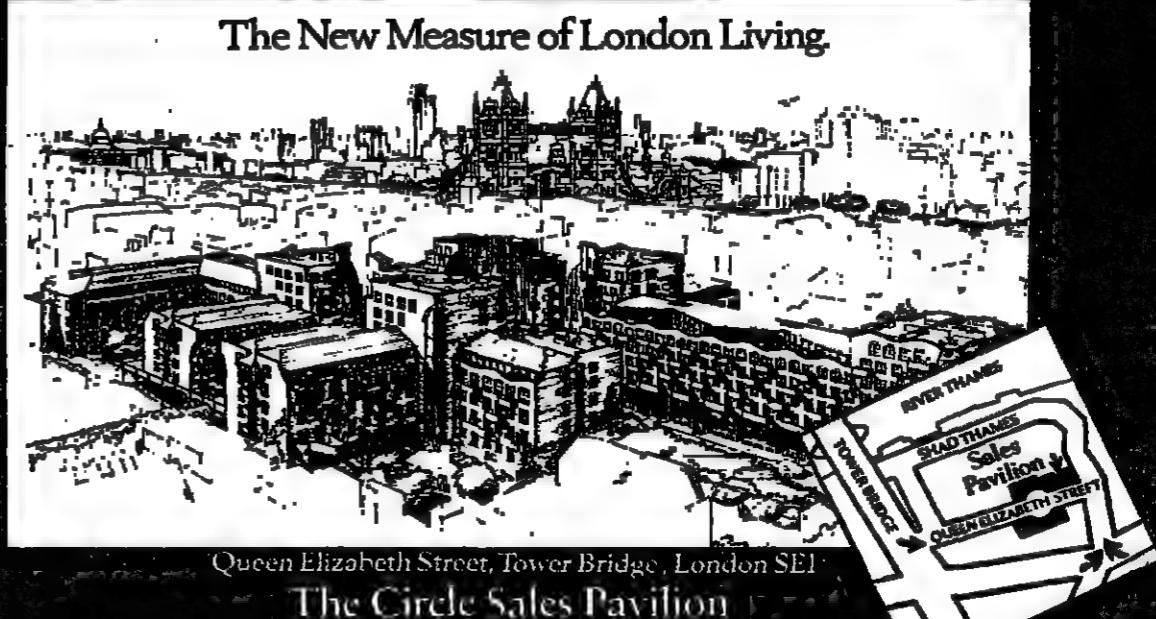
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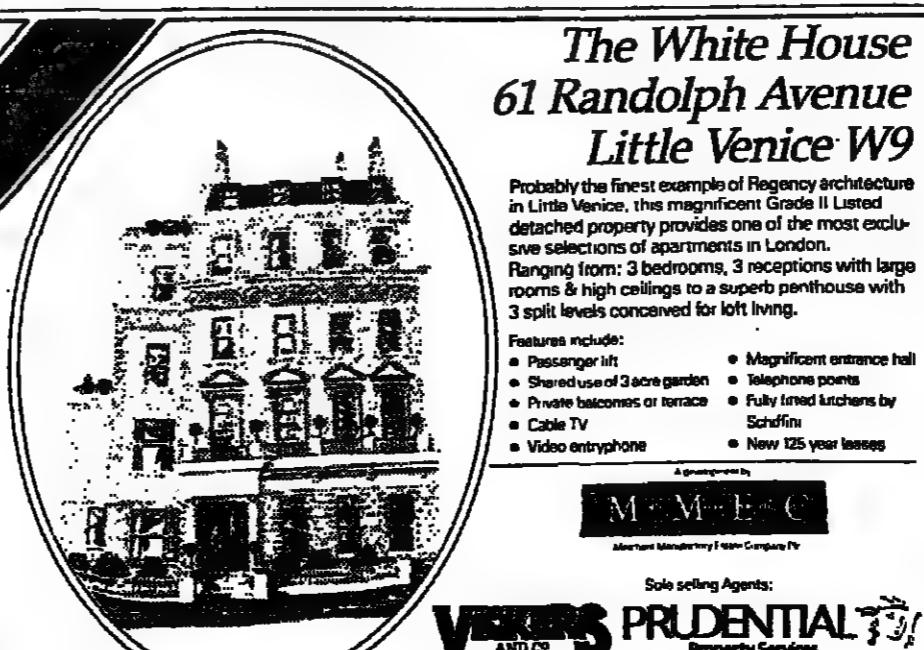
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Kings Grove, Warren Road, Kingston Hill, Surrey.

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In this instance "east" means Norwich, Ipswich, Cambridge, Grantham, Stanstead—the other side of London from the high fashion, high cost home counties and western corridor out of London. That's what thought comes from Peter Bennett of Savills, who has been keeping a balance sheet on east-west values that should help to persuade prospective buyers to pull out a new set of maps in their hunt for a place in the country.

This does imply that at least a section of country house buyers is not committed to any one specific county or area within that county, a phenomenon at odds with normal buying behaviour in the rest of the housing market.

Now in 10 home buyers nationally move less than three miles when changing their house or flat; most of the rest have specific destinations in mind when they move with their job or for family reasons.

But once you're off the motorway and in the 126,000 other cars, vans and lorries that try to crowd into central London each day, drivers coming in from the West have to sit in traffic jams telephoning each other while East Enders are filling up the car parking spaces at work.

The 60 minute rail link from Cambridge to London is as good as that from Oxford. But

driving from Cambridge and up to Liverpool Street Station, while those from Oxford leave

you to race past Brunel's statue at Paddington Station to endure half an hour's torture by tube before reaching anywhere a prospective estate buyer is likely to work.

It is true that tube travel inspires a mobile, married population to move to the rest of the world to ensure that each working day starts on a competitively agreeable note. But as far as the travel to work ease goes, east beats west on the rails as well.

Which leaves the element of property prices. Bennett's figures confirm that, despite the really exceptional rise in coun-

try house prices east of London over the past 18 months or so on the evidence of the Halifax House Price Index, on an annualised basis, average residential prices in East Anglia are currently rising at a heady 27 per cent you still get more bricks and acres for your pound on that side of town.

Taking as an example an estate with a big, five-bedroom farmhouse, farm buildings and 350 acres of mixed arable land with some woodland and shooting, Bennett estimates that land values east and west would be roughly similar at around £1,500 an acre.

The big difference would be in the house costs. Go west, and he estimates that a property of that size on such an estate would cost around £275,000, while the price in the east would be nearer £220,000. Add land and buildings values together and the estates would work out to £300,000 west and £255,000 east.

One self-evident flaw in this otherwise sensible argument is that semi-rural property buyers do not necessarily travel to a country home direct from work. Owners of a property of the size Bennett uses as an example are likely to have a base in London and, until recently, that semi-automatically meant a flat or town house in west central London.

But as the east end of central London becomes too expensive for wealthier buyers, and the M25 has created a realistic orbital route, the established western axis, a residential wealth corridor that turned its back on eastern counties above and below the Thames, is beginning to widen out into a more even, radial spread of buying activity.

And that is having just as much impact on values in Kent as in Suffolk and Norfolk.



Built in 1923, the four-bedroom Warren House sits right by the 12th hole of the Aldeburgh golf course in 1.75 acres of garden. There is a one-bedroom cottage of Suffolk property over equivalent homes west of the capital. Peter's Ipswich office (0473 214841) is asking £250,000 for the freehold. Warren House is a mile from the centre of the festive town and around a 25-mile drive from Ipswich with its 60-minute rail service to London's Liverpool Street Station.



Just 55 minutes along the line from Liverpool Street Station to Andley End and you would have a four-mile run to Thaxted Road, Wimbish in Essex. There, in the hamlet form of Gosla's Grange, you would find as extensive an example of the thatcher's craft as you could see anywhere in the county. Below the thatch is an exceptionally convenient of a medieval barn.

Agorseable buyers might bank of the 48 ft by 32 ft great hall, since it is not so much the ground space as the cubic space that is impressive. The room rises on its original oak timbers to the inner coving of the roof. At 32 ft by 25 ft the drawing room is no minnow, either, and there's plenty of room to swing a cat in the 20 ft by 14.6 ft kitchen.

A five-bedroom, three-bathroom home with a timber stable block that has outline planning permission for conversion into a three-bedroom annexe, Gosla's Grange stands in an acre of ground, with the option of buying additional paddock space. Hampton & Sons, Swords & Jennings (0799 226228) has the freehold on offer at around £260,000.

Remaking a market

THE PROTRACTED planning battle over the commercial redevelopment of Spitalfields market, bordering Liverpool Street Station on the north-eastern border of the City of London, has tended to overshadow the effect the reconstruction of the market area will have on the local housing market.

Keith Colquhoun Groves is sole residential agent for the Spitalfields Development Group (the consortium made up of London & Edinburgh Trust, Captain's County & District, and Balfour Beatty) that will be redevelop-

ing the market site. KCG partner Gary Latner confirms that about half of the 200 flats and handful of houses to be built within the scheme will be for private sale.

Most of the properties will be one and two-bedroom flats with few three-bedroom top floor apartments, and just a handful of small town houses. The two main areas of residential accommodation in the scheme are to be in the refurbished Horner Buildings on the south east of the site facing Brushfield Street, with views across Commercial Street to the open space

by Christ Church. Much of the rest will be in a new building, Flower Court, to be built south of Folgate Street facing the central courtyards planned for the old market area.

Housing Association and local authority rented flats make up the rest of the residential space, and although Latner expects that it will be a good four years before any of the flats become available, the development proposals are already having an effect on housing in the area.

J.B.

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PROPERTY

John Brennan introduces a development in a fast-growing area

Delights of a Turkish villa

THE PACKAGE tour companies have been waxing lyrical for years about Turkey as the next big-growth, middle-distance holiday destination. And as the Turkish Government has zoned large stretches of its Aegean and Mediterranean coast as prime tourist development areas, it does seem odds-on that the country's holiday industry will become increasingly important.

There is, however, still limited scope for holiday property buyers outside the super-villa league (who, in any case, tend to sleep in their yachts when on that part of the coast) and the few reclusive exiles writing *The Great Novel* in converted fishermen's houses or shepherd's huts.

Neither yachts nor huts is a realistic option for most buyers. Thus, Sunweald Properties' Windmill Villas scheme on the Bodrum peninsula looks well timed to attract both fans of the area and investors taking a bull-

ish view of the development potential of this already-popular stretch of coast.

Sunweald is a discreet corporate cover for a syndicate of property-shy UK and Turkish investors which has acquired a site on a bay on the northern end of the peninsula near the fishing village of Yalikavak. The group is building a 40-metre pier suitable for 60 yachts as part of the first phase of its development. Initially, there will be 30 villas with two and four bedrooms.

Sunweald's Richard Holloway explains that there is only one privately-owned villa now on the site and that the new buildings will be completed "by the tail-end of next year." So, this really is best seen as a punt on the Turkish-coast holiday market, with prices—pitched at £71,500 to £90,000 for the fully-furnished villas—payable in four stages.

Five per cent is a reservation deposit; 25 per cent is due on signing the 99-year leases, 40 per cent on completion of the roof, and the remaining 30 per cent when the keys are handed over.

Turkish property purchase regulations call for 0.1 per cent stamp duty on the lease and 0.3 per cent land registry fees. Notaries and legal fees cost 1.5 per cent and rates are 0.4 per cent of the purchase price, payable as part of the (as-yet-unspecified) annual service charges.

Re-sales would require certification by a Turkish notary, and the assignment would cost 0.1 per cent duty plus the legal costs and 0.3 per cent registry of the land title percentages calculated on the gross sale proceeds. Turkish tax on rental income also involves a 20.6 per cent withholding charge to non-residents.

Given the acute shortage of rentable holiday properties along the coast, Sunweald gives the scheme on its books and expects holiday and investment buyers to snap up the 30 purchase options.

REUTERS

PHOTOGRAPH BY RICHARD HOLLOWAY

FOR THE FINANCIAL TIMES

PHOTOGRAPH BY RICHARD HOLLOWAY

PHOTOGRAPH BY RICHARD HOLLOW



INDEPENDENT SCHOOLS

How will the Baker plan for schools affect the growth of private education?

Michael Dixon introduces a survey of a crucial year for parents and pupils

THIS YEAR could well prove crucial in the history of Britain's 2,500-plus independent schools. When it began, the outlook for the private sector of education had never been finer. But in the early summer a cloud appeared from an unexpected quarter, which looks bound to harden the climate for fee-charging schools before very long.

The start of the year was unprecedently bright. In January a survey covering about 1,300 independents, catering for four in every five of the children in the private sector as a whole, showed that they had already achieved their highest recorded increase in pupil numbers. Their rolls were up 2.2 per cent since the beginning of 1986 to a total of 430,254.

Since over the same period the country's total school-aged population continued to fall, the increase also gave the fee-charging institutions their biggest recorded "market share" of all British children available for schooling. The Independent Schools Information Service (ISIS) which made the survey estimated that, if the findings were true throughout the private sector, its "market share" was now 7 per cent as against 5.8 during the last Labour Government's final year in 1978-79.

Although a general election was looming when the survey results were announced, there was little likelihood of victory for the independents' traditional adversaries in the Labour Party. So everything seemed set

fair for the fee-charging sector to go on from strength to strength.

What changed the outlook was an announcement made by Kenneth Baker, Secretary of State for Education and Science, which foreshadowed the Conservatives' election campaign. He pledged the new Tory Government to make numerous changes to the state education service, at least two of which imply a toughening of competition to schools which must pay their way by charging fees.

The first is to stop the local government authorities which directly run state schools from unnecessarily limiting the intake of those which are oversubscribed by applications. In future, schools which are popular with families will be free to increase their pupil numbers to the maximum they can physically accommodate.

The second change will enable successful schools whose governors and pupils choose to opt out of the local authority control and be financed instead by a grant direct from central government.

The likely effect of the changes in the new Education Bill, expected to start its passage next month, seems ironical from the private sector's viewpoint. For schools funded directly by central government are no new thing.

A small sub-sector of them existed up to the mid-1970s and, as their academic and other achievements were generally well regarded, they provided

powerful competition for schools dependent entirely on fee-income. But their state-subsidised curriculum ceased after the Wilson government decided to withdraw the direct grant, and the bulk of them went completely self-financing.

So, as a consequence of Baker's opting-out proposals, the private sector may well find that supposedly friendly Tory politicians have restored a source of taxpayer-funded competition which their supposedly hostile Labour counterparts removed.

To give an idea of how the sector is planned to cope with the potentially tougher market, I have used ISIS's figures to construct a fictitious "typical" fee-charging institution. To make it representative of the 1,300 which took part in the ISIS survey, however, I have had to make it uncharacteristically large.

Taking boarders and day-pupils of all ages together, in the 1986-87 academic year we ended our school had precisely 1,000 pupils—2.2 per cent more than the 978 enrolled the year before. They were divided as follows:

	1986-87	1985-86
Senior boys	100	100
Junior boys	61	60
Prep. boys	55	56
Prep. girls	29	29
DAY-PUPILS		
Senior boys	165	164
Senior girls	140	137
Prep. boys	238	229
Prep. girls	202	194
Total	1,000	978

In the boarding houses, therefore, we have lost one boy in the under-13 age group whose departure has been compensated by the arrival of an extra senior girl. That leaves the number of boarders the same at 254. Even so, as the school's total numbers have increased by 22, boarders now constitute a slightly lower proportion of the full roll—2.4 per cent, compared with almost 26 per cent in 1985-86.

Our day-pupils have increased. In the 13-plus age-groups we have a fairly modest gain of two boys and three girls. The preparatory section has done better with nine extra boys and eight more girls.

Those gains are in net terms, over and above the 111 net incoming pupils needed to replace the 113 boys and girls who left in summer 1986 having reached the age of 16. Of the 61 boy leavers, 28 went on to degree courses; 22 in universities and six in polytechnics.

The corresponding figures for the 49 girl leavers were 15 to universities and three to polytechnics and social studies accounted for 16 boys and 12 girls, eight and six respectively went to read sciences, and five boys but only one girl took engineering and technology.

Among the other leavers, seven boys and three girls went straight into jobs. A further eight boys and nine girls followed a minor tread which has arisen over the past few years and moved after taking the 16-plus examinations to continue their schooling in one of the system's sixth-form colleges.

The 1,000 pupils we had in 1986-87 were mostly British although the parents of 29 of them lived abroad and those of another 37 were in the armed forces and so liable to be posted overseas. Only 31 pupils were of other nationalities, one fewer than in 1985-86.

Since we need to respond to market pressures, we charge more for older boys than for senior girls. For those in the boarding houses, the 1986-87 fees were respectively £3,250 and £2,900 a year compared with £2,725 and £2,975 the previous year. The figures in the day section were £2,850 for boys as against £2,585 in 1985-86, and £2,550 for girls as compared with £2,280.

For those aged under 13, however, the fees are £3,900 for both sexes; £2,900 for boarding compared with £3,540 the previous year, and £2,235 for day-attendance as against £2,010. Across the whole fee structure, the increase between the two years averaged 10.8 per cent.

So our total fee-earnings in 1986-87 were £2,987,850. That represented a 13.3 per cent increase on the £2,637,675 fee-income in 1985-86. The proportion coming from boarders, who are of course considerably more expensive to accommodate than day-pupils declined marginally by 0.7 per cent to 55.3. The proportion from the day section rose by the same slight amount.

The prep school, when boarders and day-pupils of both sexes are taken together, did rather better than the senior school with an increase in fee-earnings of 13.9 per cent as compared with the older division's 12.8 per cent. Girls as a whole provided us with a 14.6 per cent rise in earnings whereas the increase in boys' fees was only 12.4 per cent.

We are unfortunately not yet sure of the surplus—the independent schools do not talk of "surplus"—we made on our 1986-87 fee-earnings, because the accounts have not been completed. But we do know the surplus is good and our management is doing a great deal on the part few years we shall now try to tighten our financial control and sharpen our marketing still further if we are to survive, let alone thrive, in the years to come.

Accordingly, although we have improved our management

and our financial position, we are determined to make the most of our resources and will probably have to rise in future. If we are to meet the state-subsidised competition of Baker's changes which include the creation of 20 City Technology Colleges as well as an as yet unknown number of opted-out schools

In present terms, therefore, we are in a fairly healthy financial position. But our investment in additional equipment will probably have to rise in future. If we are to

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WEEKEND FT REPORT



A session on the screens at Sevenoaks School

Roger Taylor

High technology

Please sir, give me a floppy disc

A TECHNOLOGICAL revolution is taking place in many of the UK's independent schools. For some, it has come slowly. There have been revolutions among both parents and teachers. The ideas of boys and girls building computers in their spare time instead of carrying a spear in a house production of *Julius Caesar* may be the end of civilisation as we know it. Are we building a race of elitist technocrats who will respond only to a finger on the keyboard? That's how the argument goes.

Richard Barker is head of Sevenoaks, the 15th century founded school in a leafy part of Kent (its founder was Lord Mayor of London). Dick Whittington has a council. Sevenoaks has been occupied with technology since the 1960s and it is the school to visit if you want to look at the future and see how it works.

Barker, talking in the room that bears a memorial to Lord Hardinge, an old boy who quelled

led the Sikhs in India a century and a half ago, says: "I don't think there is any danger of creating a lot of soulless technocrats. We have 100 pupils studying for the International Baccalaureate which demands both the humanities and the sciences."

Sevenoaks insists that it is taking its pupils into the world of high-tech in a realistic way—giving pupils a chance to learn the skills they will need in the world of business, but at the same time, linking school with outside industry and the area's social need.

Peter Ford, the school's software master, visits a forum where boys and girls (Sevenoaks now has 300 girls) are huddled over VDU screens. They may be doing something useful or just something frivolous.

It seems that screen buffs at school are in three categories. First, the pupils who regard themselves as a kind of sophisticated plaything. They invent computer games and draw pretty pic-

Technocrats and scholars: Here is one school that seems to get the best of both worlds.

tures. The next lot are probably the shrewd. They have their sights set on careers in management and know they must have the high-tech skills to survive.

The third lot are the really dedicated boffins who don't just want to play with computers, but build them.

Sevenoaks was early on the technology scene. Its activities in this field was started in 1963 by a master called Gerd Summerhoff, who Barker regards as an "exceptional visionary". He saw the needs for schools to be more involved in community interests, business, social and scientific.

Sevenoaks has found that this attitude to new technology pays off. Recently, one of its school groups wanted to do a particular outside project, but did not have a computer that was sophisticated enough. The cost, £700, was out of the ques-

tion. But a local company gave them the computer.

The culmination of Summerhoff's pioneering will be seen some time next year when an £80,000 science, crafts and technology complex will be opened at the school, welding things together. It means that physics, chemistry, crafts, design and computer skills will all be in one building.

How does a school apply all these facilities to real social needs? Some schools feel inhibited by the cost of equipment.

But a new kind of business sponsorship has emerged—local companies which will help with equipment and advice.

One of Summerhoff's legacies is a scheme called VISTA (Voluntary and Independent Scientific and Technical Activity). This is an extra-curricular activity run by an amateur Irishman called Paddy Rolleston and brings in people working seriously on realistic projects. If their projects don't work, they go.

It seems to have succeeded, though—such as two girls who scored highly in the Young Engineers of the Year competition. Rolleston introduced me to a Lower Sixth boy who is work-

ing on a Nuffield Foundation project to produce a computerised device to help ear, nose and throat sufferers. "How can you produce a computer that can smell for you?" he asked.

He spends 20 hours a week out of school on the work which is a lot better, many would think, than carrying a spear in *Julius Caesar*.

In other areas of the school, much work goes on. Recently someone produced an anti-theft device for lobster pots. I was told of the unsophisticated desires of a Lower Sixth girl who just wants to create a slimline electric plug to improve the positioning of the furniture in her boarding house.

Or all it takes is the rugby club is probably the most shrewd.

The boys have somehow managed to get their own computer and do work for other parts of the school for a fee. This may well be valuable as the rugby players are to tour Australia next year.

At the time of writing the only Sevenoaks VIP without a screen and a keyboard was headmaster Barker. It is coming shortly, and, anyway, his secretary has one.

Alan Forrest

IS THE team spirit dying? A look at the games and sports area in Britain's independent schools prompts the question because more and more boys and girls are turning away from team games to the more individual sports—for example, a boy who wouldn't miss a league soccer match to play for the third XV will gladly turn up for a session with his fencing instructor.

Schools generally, and especially in the state sector, are experiencing a rethink about team sports. It may sound an oddball argument to old rugger and cricket buffs that competition is an insult to the human intellect. Are rambles in the country with nobody winning better than chasing a ball about for the sake of a ribboned coat?

They may be reasonably pleased, however, by the attitudes of many independent schools' game teachers. Les Brown, former Middlesex prop forward now on the PE staff at St Paul's at Barnes, West London, says: "We, and most schools like us, are still encouraging competitive sports, and naturally, team sports as well." The philosophy is that competition is something a child has to cope with in real life after school and it usually means competition as a member of a team.

But what is changing, he thinks, is the attitude that being a school sportsperson is something holy. A boy with two left feet and hands couldn't catch a ball if he was wired up for it.

Barlow adds: "With the knowledge that when he plants a tree he will see the tangible result of his labours.

"Sport most of all should contribute to the pleasure of living."

Barlow says: "With a school like ours where day boys are the majority it isn't always easy to get players for Saturday and made to feel a cad if he prefers a more constructive way of spending an afternoon.

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Barlow looks at this embarrassment of sporting riches ironically. He came south from Middlesex through the kind of place where it was hard to see a school go but looked Olympic.

School sport watchers tell me that the schools with particular skills, apart from Wellington for rugby, include Repton for tennis, Kelly College, Devon, for swimming; and Tonbridge, Colin Cowdrey's old school, for cricket.

There are no real signs of decline.

School sport watchers tell me

Sports and games

Nothing stops play



schools go but looked Olympic to me. The swimming lesson was noisy, but controlled. Of course, there is a lot of time spent on competitive swimming in these schools. But there is also an emphasis on swimming as what the Victorians called an accomplishment and one that someday may save your own and somebody else's life. Just around the corner was a fencing area, one of the school's major attractions and not far away a boathouse complete with highly sophisticated practice equipment.

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The College has 390 boarders aged 13 to 18, with 420 boys and girls in the Sixth Form. It is proud of its outstanding academic record, first-class extracurricular opportunities and the friendliness and energy of the school community.

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SFIA



A session on the screens at Sevenoaks School

Roger Taylor

High technology

Please sir, give me a floppy disc

A TECHNOLOGICAL revolution is taking place in many of the UK's independent schools. For some, it has come slowly. There have been revolutions among both parents and teachers. The ideas of boys and girls building computers in their spare time instead of carrying a spear in a house production of *Julius Caesar* may be the end of civilisation as we know it. Are we building a race of elitist technocrats who will respond only to a finger on the keyboard? That's how the argument goes.

Richard Barker is head of Sevenoaks, the 15th century founded school in a leafy part of Kent (its founder was Lord Mayor of London). Dick Whittington has a council. Sevenoaks has been occupied with technology since the 1960s and it is the school to visit if you want to look at the future and see how it works.

Barker, talking in the room that bears a memorial to Lord Hardinge, an old boy who quelled

Technocrats and scholars: Here is one school that seems to get the best of both worlds.

Ten years later, the Sikhs in India a century and a half ago, says: "I don't think there is any danger of creating a lot of soulless technocrats. We have 100 pupils studying for the International Baccalaureate which demands both the humanities and the sciences."

Sevenoaks insists that it is taking its pupils into the world of high-tech in a realistic way—giving pupils a chance to learn the skills they will need in the world of business, but at the same time, linking school with outside industry and the area's social need.

Peter Ford, the school's software master, visits a forum where boys and girls (Sevenoaks now has 300 girls) are huddled over VDU

A scholar's tale

The man from Roedean

"AH, YOU'RE the boy from Roedean," said one of the Inquisitors. I was stunned. Then I was relieved. I knew that I was assured of a place at the University of Lancaster. The sunny uplands of higher education beckoned me.

I had always been a truthful boy, more or less. I had written down my educational record on my UCCA form in all good faith: 1955-1959—Maidwell Hall; 1959-1965—Eton College; 1965-1967—Roedean School. There was no more that I could say, but even now I suppose that to go to both Eton and Roedean is unusual.

Unlike a good many of my contemporaries, I enjoyed virtually every part of my schooldays. I suspect that this was largely because I was quite happy to conform in most obvious ways, because in the end it gave me greater freedom to pursue my own interests.

Consequently, I passed through Eton leaving fewer

wounds, from the point of view of that most wordly of schools, he was not a wordly man. He and Eton suffered as a consequence.

Eton was a strange and primitive place then, infinitely remote from today's civilised ideal. There was no central heating. My fingers still ache at the memory of trying to force a stud through the appropriate hole in my collar on bitter mornings in order to be at Early School at 7.30 am. The smell of a thin whiff of smoke curling up from the many hearths of coal fires that provided the sole source of heat in my room is for me what the madeleine was for Swann.

The washing facilities would

not have been tolerated in one of Her Majesty's top security jails. The food was absolutely unspeakable. I have never since been able to look at a slice of boiled ham or parley sauce without an involuntary lurch of the stomach. It was, no doubt, responsible for spectacular outbreaks of scabies.

But, I was perfectly happy with the harsh conditions at the time. My house, D. P. Simpson's, was an oddity within the Eton system. It was totally undisturbed and it was well known that the members of "Pop."

I cannot pretend that I was an ideal pupil, and the results of my ignorance, indolence and wayward character were inevitable. "I am afraid Matthew's performance was too uneven—History: B grade pass; French: no A level pass.

This may appear to be by the by, but it wasn't. Her opinions and her past informed the greater part of my lesson. I have no

level without ever having got to grips with the rudimentary principles of this subject" (Matthew) and: "His attitude in school is slovenly" tended to be the general tenor of my reports. Too rarely was it: "He proved one of the most rewarding pupils in this case of ignorance and indolence" that one particularly perceptive master, who subsequently died of drink, noted.

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So if I didn't want to be cast out into the world, and I didn't, I would have to cram into four words that I had learned in my first four years and this is where Roedean came in. My mother was then headmistress. Acting with decision and dispatch she arranged for me to be privately tutored by generous members of staff during the afternoons, while I earned my keep as an auxiliary groundsman during the morning.

I had found my first sight of Roedean and I was delighted as I am sure many of its more regular pupils have done. It stands on an eminence above the cliffs just outside Brighton, looking out for all three world like a Victorian Castle Despair. It housed some 400 girls and 60 or so staff.

I was to be the youngest male of the premises by about 30 years.

Let me deal with the salacious details straight away. First there was Anthony, my best friend, to contend with. Secondly, there was at a age when the older woman was of far greater (theoretical) interest than those of my own age or younger. Thirdly, where would you start?

Faced with such an emboldened Anthony, there was only one thing for it: celibacy. Anyway, I had to go into hard training for my A levels—French, Latin, Maths and English for the first time.

My mother had enlisted the help of a formidable array of talent. English duties were split between the redoubtably intelligent Miss Sturgis, the formidably clever Dr Diffey and the persuasively able Mrs Bass. French responsibilities were shouldered by the retired Theresa Lavauden.

Mrs Lavauden reminded me irresistibly of pictures of the septuagenarian Colette. She lived in one of those splendid Regency houses in Brighton with another old Roedean teacher, Thysa Creyke Clark.

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recolleciton of actually being taught anything. I absorbed the necessary command of grammar and punctuation by some curious osmosis.

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DIVERSIONS

THIS MONTH marks the centenary of one of the most ambitious publishing projects of the 19th century—a gigantic work which was to have lasting influence on the way we see things.

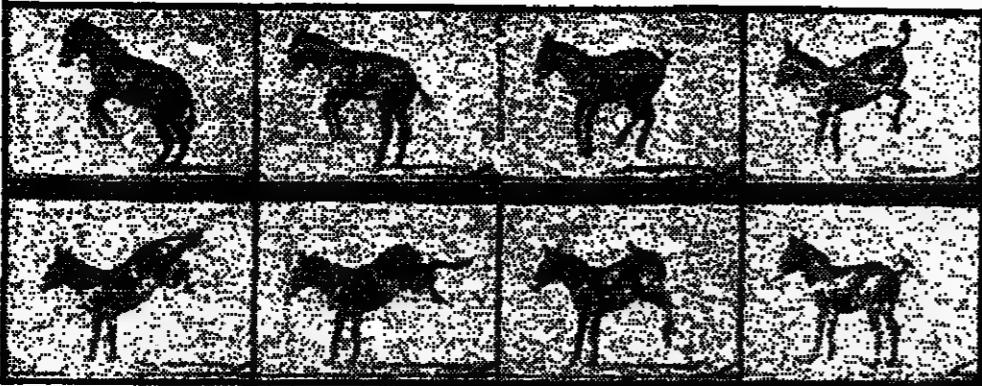
The photographic images of Eadweard Muybridge's *Animal Locomotion* has inspired artists as diverse as Degas, the Cubists and Francis Bacon, and constantly turns up in contemporary advertising and graphics. Muybridge's method of recording movement in photography paved the way for motion pictures.

Muybridge started life as plain Edward James Muybridge—Kingston upon Thames in 1830. The spelling of his first name was changed out of youthful enthusiasm for the medieval; he adopted the exotic surname sometime after emigrating to America in 1862.

By the time he was 30 he was a bookseller and a respected citizen of San Francisco. In the early 1860s he was seriously injured when a mail coach in which he was travelling overturned. His life changed dramatically. He recovered but turned white overnight; and from that moment he developed both marked eccentricity and a touch of the obsession of genius.

While recuperating in England he studied photography; and within a very short time of his return to America established himself as the outstanding landscape photographer on the West Coast. In 1872 he received a commission from Leland Stanford, ex-Governor of California, and president of the Central Pacific Railroad, which was to prove fatal.

Stanford wanted a photograph of his prize trotting horse Occident in movement, to test his theory that at some point in its stride the horse has all its feet off the ground.



"Mule Kicking" . . . a series of 1887 photographs by Eadweard Muybridge

Animal attraction

Financed by Stanford, Muybridge applied himself to the task of taking a corresponding series of threads stretched across the track. (Later a more sophisticated electrical trigger system was devised.) In this way Muybridge could produce series of photographs showing rapidly succeeding phases of movement.

When he came to Europe in 1882, Muybridge was housed by photographers, scientists, artists and royalty. The greatest attraction was his "Zoopraxiscopes," an anticipation of the motion picture projector which enabled him to project his images on screen, reconstituting the illusion of movement.

The defence persuasively pleaded Muybridge's insanity, but it was unnecessary. The jury agreed that the late Larkyns was a brawler, and unanimously exonerated Muybridge. Soon afterwards he returned to Governor Stanford's horses. By 1878 he had made the first successful photographs of animals in motion.

His solution was to set up a battery of 12 cameras along the side of a track. The horse it-

self triggered the shutters as it crossed a corresponding series of threads stretched across the track. (Later a more sophisticated electrical trigger system was devised.) In this way Muybridge could produce series of photographs showing rapidly succeeding phases of movement.

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for the lions, tigers, elephants and other big game.

The finished work came out in November 1887 as a series of 721 finely printed colotype plates. They were issued in folios of 100, at \$100 each folio. Thirty-seven complete sets in eight folios were sold, mostly to libraries. If one of these appeared at auction today it would certainly realize well over £50,000.

In 1884 Muybridge returned to England and Kingston upon Thames. He published selections of his photographs in popular editions of *Animals in Motion* and *The Human Figure in Motion*. These continued to be reprinted up to the Second World War and are now sought after.

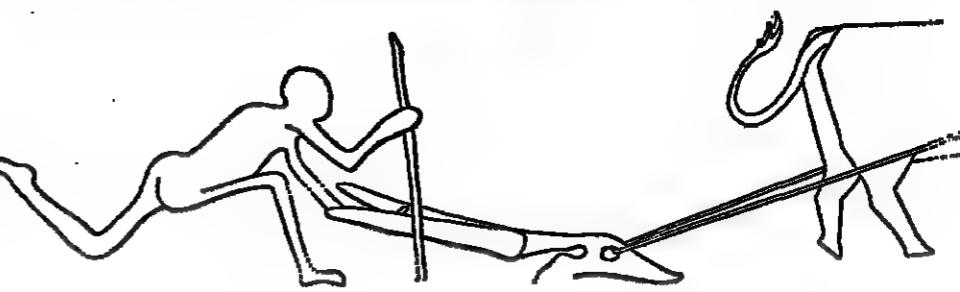
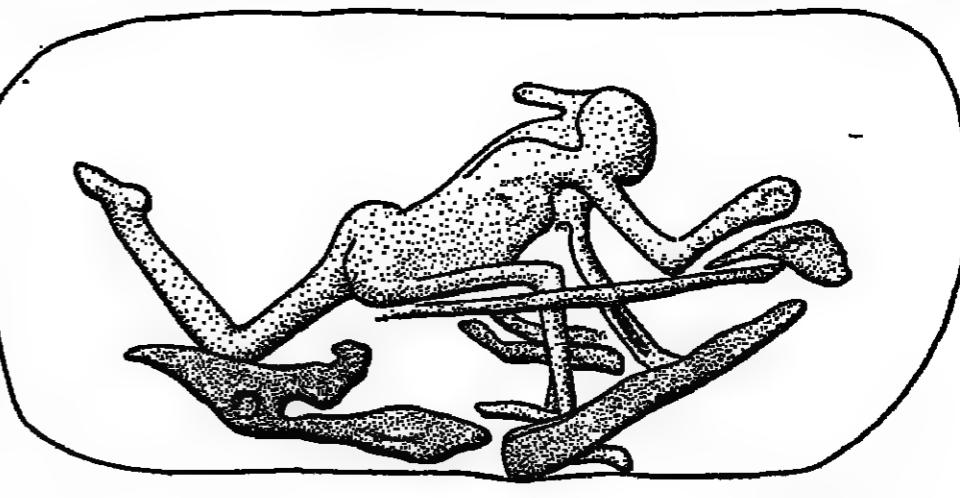
At his death he bequeathed his negatives and apparatus to his native Kingston. The permanent Muybridge exhibition at the Heritage Centre there includes his Zoopraxiscopes, the discs which were used for projection and a new video which shows Muybridge's photographs in action.

An attractive centenary exhibition at the National Centre of Photography in Bath (until January 1988) includes a selection of plates from *Human and Animal Locomotion* and a model showing how the series photographs were made.

From time to time individual prints from the series turn up in photographic auctions. The average price is now around £100 a plate with the less glamorous animal studies making considerably less and nude ladies rather more.

Two examples appear in one lot in a Christie's South Kensington sale of photographs on November 8. These plates, which show an undraped lady drying her feet and a rather stout nude male on a white horse, are estimated at £150-£250 for the pair.

Janet Marsh



The "ploughman" burial, excavated in 1985 at Sutton Hoo

Exhuming the secrets of Sutton Hoo

THE CROWN jewel of English archaeology is the treasure-crammed ship burial of Sutton Hoo in Suffolk, dug in the summer of 1939. Probably the Anglo-Saxon king of East Anglia (d 624-5), it was an import placed in the early history of England when the country was forming in the centuries after the Romans left.

There are intriguing links with the Continent. Burying in a ship was a Scandinavian habit. Goods came from Gaul, Sweden and even Syria. But what was the local context of this great tomb? And how does it affect our history? We do not really know. A new dig begun this year aims to answer these questions.

Sutton Hoo is a sandy bluff on the east bank of the river Deben opposite Woodbridge. It is a windy remote spot, bleak winter, sheltered summer. Its Anglo-Saxon cemetery is a grassy place of barrows and bumps, lying over prehistoric remains. There was an outer gravefield. Around are ploughland, heath and a stand of pines.

The cemetery would have been a landmark across the Suffolk flats, and a marker to the group just outside the noble next to the barrow cemetery. So far, 22 barrows have been found, and Professor Carver expects to find more.

Two months are being dug by Professor Martin Carver of York to start a six-year continuous (winter included) excavation, remarkable for its scope and for being a research rather than a rescue dig.

The principal sponsors are the Society of Antiquaries and the British Museum, where Raedwald's death-goods are such as a Swedish-made helmet and shield, silver spoons inscribed with Suri and Paul, a cloak from Syria, a silver disk from Constantinople and golden coins from Gaul.

He was great an heroic an lavish burial. The ostentatious disposal of capital suggests a family with reactionary aspirations, looking more to the old pagan aristocracy across the North Sea than to the world of Christianity.

They even chose to bury at a place already ancient and to raise barrows like the then 2000-year-old Early Bronze Age example on the spot. If these East Anglian royalty were pagans, we have a corrective to the views the monks propagated in their chronicles of the rise of Christian England.

There is darker evidence for paganism. Among the barrows are shallow graves with human remains known as "sandbodies." They appear as fragile stains in the sand, since bone generally does not survive, to be dug and planned gingerly. Then rubber moulds are taken to make fibreglass replicas. One may be seen, perhaps being pushed a plough, in death.

But others are not laid out. On their heads are in unnatural positions as if decapitated or buried; or their hands and feet are tied. These unfortunate are probably sacrificed slaves or prisoners, perhaps slain to satisfy the god Odin and put in the group just outside the noble next to the barrow cemetery.

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is so acid that it leaches away most bone and wood, although applying polyvinyl solutions helps to consolidate what little is left.

In 1939 the ship was resurrected from the impression it had made in the sand. Nowadays, pieces of bone or wood are sent to Birmingham University as samples for a project on decay and stopping decay on archaeological sites, supported by the Leverhulme Trust.

Similarly, the features (pits and ditches and the ploughed out mounds of the barrows) appear as no more than stains in the surrounding soil. If they are trodden on, the sand crumbles and they vanish. Or the wind may blow fresh sand on top. So the diggers outline the feature-stains with plastic garden labels and plant them at once and keep on planning whenever a few centimetres have been taken off, so as not to lose what has been found.

Metal detectors are in regular use which shows that they have their place in a controlled and scientific dig. They will distinguish ferrous and non-ferrous metals. Finds will eventually go to the British Museum.

The Suffolk Archaeological Unit is making a regional survey to discover what happened in the hinterland of Sutton Hoo. Contemporary Saxon settlements have been found nearby at Sutton Hoo House, and at Sutton village.

What are the results of these early days? A mass of iron rivets in one mound suggests another ship. Sandbodies appear regularly, with their remarkable evidence of Anglo-Saxon society and its attitude.

At the end we shall know far more of the people of Sutton Hoo and their place in early East Anglia. And that may mean rewriting the opening chapters of all the history books. New sponsors are welcome.

Gerald Cadogan

Saleroom

Time, gentlemen

PUNCTUALITY is the politeness of kings because, for most of history, only kings could afford reliable timepieces. George I was especially happy in this respect, having John Harrison as his "Master of Mechanics."

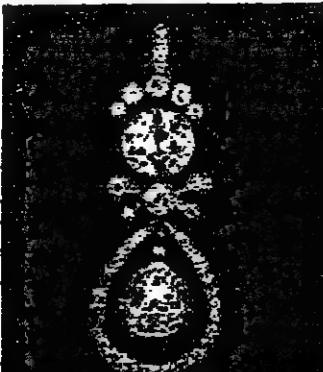
Harrison perfected a portable sundial which enabled the king to know the exact time in the cities through which he passed on his frequent trips back to his native Hanover. One of Harrison's sundials, made in silver and gilt-brass, around 1718 and in superb condition, is up for auction at Sotheby's on November 16 with a price of £60,000 to £80,000.

This is a very substantial sum to bid at an auction of scientific instruments. It is still a market that retains a fairly intimate camaraderie; and although prices have risen appreciably in the past few years, they are still well below the levels in comparable collecting fields.

Anyone wishing to meet scientific instrument fanatics en masse to discover what inspired their enthusiasm should move along to the Scientific and Medical Instrument Fair at the Gloucester Hotel, London, on October 29 when 51 dealers will be offering thousands of items ranging in price from £50 to £20,000.

Phillips

SUPERB JEWELLERY FETCHES SUPERB PRICES AT PHILLIPS



On 20 September 1987 this important diamond pendant sold for £140,000.

The circular and pear shape stones weigh 5.88 carats and 7.15 carats respectively.

The price achieved reflects the tremendous buoyancy which we are currently experiencing in the diamond and coloured stones market. Our next important sale will take place on 1 December 1987 and we are accepting items for inclusion in this sale until 3 November; our valuers will be glad to visit you at your home or bank if you so prefer.

For further information please contact John Benjamin on 01-499 1827 or 01-629 6602.

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An early 19th century brass theodolite made in London around 1830, and an Italian half-skull, of the mid-18th century, for anatomical teaching—two of the items on offer at the International Scientific and Medical Instrument Fair in London on October 25.

century are the most likely instruments to be suspect because they are the most expensive pieces in a set of 250,000 items worth £100,000 have been paid. Jon Baddeley of Sotheby's reckons that he reflects over half the sales.

Christie's South Kensington and Phillips also hold sales of scientific instruments, sometimes concentrating them in specialist groups. The former is selling cameras and photographic equipment on October 25.

However, the star auction is on November 16 which includes items from the collection of the late Frank von Gutmann. There

is considerable interest in a gilt-brass and silver combined astronomical compass and book binding made by Erasmus Habermel in Prague in 1567.

The auction will be on view to the public on October 24, but few of them will expect to pay more than £1,000 to add to their collections. One of the problems for dealers is that many buyers want just one instrument to decorate their home or office. But an even greater problem is finding sufficient good, rare pieces, especially of the pre-1800 period.

Antony Thornicroft

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Richard Bowden-Dan, "It saved me from a fractured skull. A Sainsbury's lorry pulled in front of me. I broke, using the 'suicide levers,' but went over the handlebars. I was in St Thomas's for one night, instead of for a couple of months."

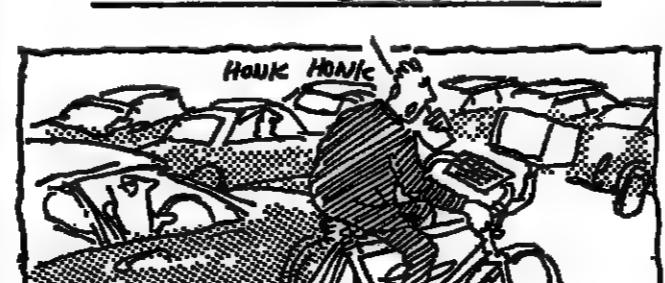
There is one man who has made a great sacrifice in the cause of the velocipede: Tony Steel is the chairman of the All-Party Cycling Group. Over the years, he has asked questions in the House, had cycle-racks fitted in the Palace of Westminster, annoyed doormen at official events by turning up with his bike, and even cycled to a Royal garden party.

Granted, it might have cost him dear. "I'm pretty sure that if I hadn't taken up cycling, I would have had rapid dementia," he points to Sir George Young, the bicycling baronet from Acton, whose membership of the Pedalling Tendency might have cost his ministerial post.

Still, he certainly gets the block vote of the London Cycling Campaign, the pressure-group which naggs councils about spoke-breaking potholes, pushes for cycle lanes and generally works for cyclists' rights. A subscription pays for itself many times over through discounts at bicycle shops.

The campaign is like the RAC, although it won't send out a repair man to members because of punctured tyres. What it does offer is the Bike-maintenance scheme. It once fixed me a date with a woman who showed me the way to go home by a sort of North-West Passage avoiding the main roads.

That was good value. Even more praiseworthy are those employers who provide the perfect perk of free "cages" offering total security for machines.



Living in an unfashionable part of south London—to ride a bicycle all the time, says Williams, a central London GP. "If I didn't, I would be mad. It saves me 35 or 40 minutes every day. A car just isn't worth the trouble, what with the general snarl-ups. I have no parking problems. And I don't put out any pollution like a car."

Bis doctor's bag fixed to the carrier on the back, he has during a 15-year period clocked up 41,000 miles, mostly in hope between patients. To put it another way, that represents the energy from 8,000 slices of bread (over five miles of energy in each).

A boiled egg is worth four minutes. But a two-ounce bar of milk chocolate or three-quarters of a pint of draught beer (even though it can't abide the stuff) is just value. Energy fuel will last longer. The miles coming for 15 miles.

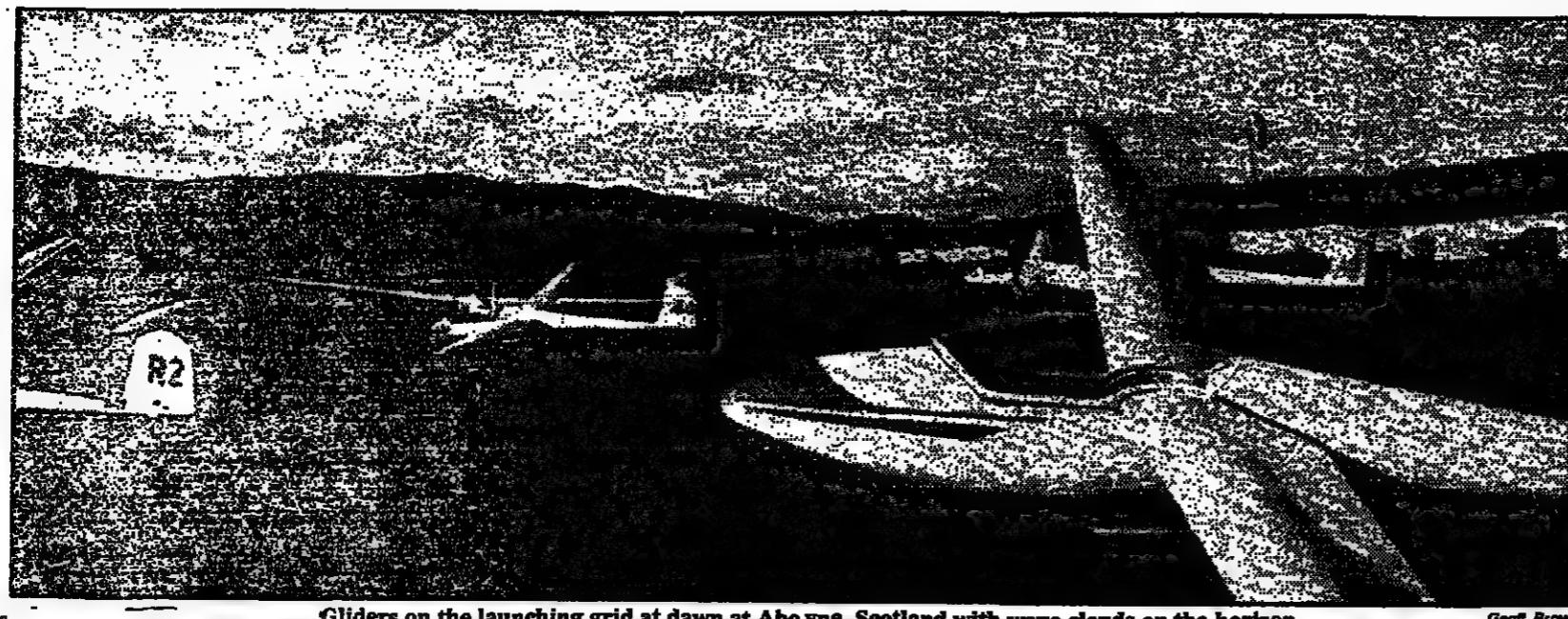
The professional commuting cyclists like Williams, however, are still in business. You do not have to wear special gear which has been tested to destruction on the

A perfect time to buy

This handsome George III mahogany longcase clock by Alexander Cumming of London, is included in our auction of Clocks, Watches, Wristwatches and Barometers on 22nd October.

Estimate: £5,000-6,000. The sale will be on view from Monday 19th October and includes over four hundred lots, ranging from wristwatches at under £500 to clocks estimated at £50,000.

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SOTHEBY'S
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Gliders on the launching grid at dawn at Aboyne, Scotland with wave clouds on the horizon.

Geoff Brown

Mani Deb glides the crest of a wave—more than 10,000 feet above the Scottish Highlands

On a wing and a prayer

HIGH ABOVE the Dee Valley in Scotland, gliders sparkle in the sun as they jockey for position. Some pilots have already soared to more than 15,000 ft, while a few ever higher reached 20,000 ft, simply by using rising air currents—for it is October, height of the "wave" season in the Scottish Highlands.

Many people might find it astonishing that gliders, which have no engines, can climb so far. But the world record is much higher—a staggering 49,000 ft achieved by R. R. Harris, an American flying from Bishop in California.

The record was set in 1980 in the Scottish Highlands where conditions are sometimes just right to set off "waves," which enable gliders to achieve sustained climbing rates of more than

1,000 ft a minute.

I learned the thrills and pitfalls of wave soaring last autumn while flying from Aboyne, a small airstrip about halfway between Aberdeen and Braemar. An aircraft from the Boreland Gliding Club towed my Pegasus glider through the air, bucking and bounding until I reached the wave front at about 3,500 ft. Although I was flying through a 30-knot westerly, suddenly the ride became silky smooth and I released the tow rope.

Having climbed slowly but steadily to 10,000 ft, I had to switch to oxygen. But the 10 seconds it took to adjust the equipment and the bottle were enough to lose the lift and start a severe down draught. Within minutes I was 3,000 feet lower; it was like falling off a rock face and dangling at the end of a

safety line. I worked out a mental picture of the airflow around me and concentrated on the bleep of the variometer, which rises in pitch the faster you climb. Sensitive control movements were essential to rise rapidly past the dazzling white cloud marking the wave. At 7,000 feet I was above the town of Ballater with the rusty brown Grampian mountains stretching out to the east. Below, Balmoral Castle beside the Dee and the dark blue Loch Muick made good markers.

At times, I could stay put as the glider was pushed up at 20 ft a second. Feeling my way through a tightrope over a gorge—the need to survive certainly sharpens the mind.

After nearly three hours, though fatigue was setting in, the temperature was -20 degrees and it was chilly in the cockpit in spite of my parka and overalls and moonboots. As I headed back to land on the narrow airstrip, I could hear more experienced pilots calling out heights of 23,000 and 28,000 ft on the radio.

Plots use three main types of air currents to gain height. The most common is a "thermal," a rising bubble or column of warm air in which the glider usually circles, rather like a buzzard. The second is a "hill lift," when a side wind is deflected upwards by high ground and the glider rises in and from near the crest of the hill where the lift is strongest.

The third and most powerful is a "wave," which occurs when a strong and sustained wind

blows over a range of mountains, setting off secondary waves in the same way as water flowing over a rock will continue to hum downstream. The torrent of stable air pours down the side of the mountain and bounces up to form a crest.

Wave flying is in some ways curiously similar to rock-climbing—but the rock face is invisible. The best lift is almost vertical and, having found it, you track back and forth to gain height, using ground features as markers.

The patience and concentration required may be likened to the meditative intensity of a Zen monk, or perhaps a man climbing a steep cliff to gain a gold and 5,000 ft for a diamond.

A wave system is a complex phenomena. Crests reach different levels and the art is to jump from one to the next. Pilots look for waves to achieve maximum lift and to descend gradually to the airfield.

At the end of the day, the British Gliding Association's badges. You have to reach 3,000m (9,843 ft) for a gold and 5,000m (16,405 ft) for a diamond.

During the wave season in the spring and autumn, Aboyne and Partonwick, another Scottish wave site in Fife where the UK record was set, attract prospectors like the Klondike. But of the scores who make the journey, only a few, selected arbitrarily by the gods, will go home with a diamond. Flying skill, seat and determination are not enough if your luck with the weather is out.

The higher the mountain, the bigger the wave, and it is reckoned that with a pre-arranged and heated cockpit it would be possible to reach 60,000 ft from Bishop in California when a strong westerly blows over the Rockies.

I, however, am quite happy to enjoy the thrills of soaring in the Highlands, watching the altimeter wind up as I find the express lift and, even after six years of gliding, wondering: "How the heck am I staying up?"

Finally, the sheep were grazing along one side. A few looked up briefly and continued to munch away. A phone call from the local ghillie's cottage and, before long, a retrieval crew arrived with the glider. It turned out I was five miles downwind from the airfield.

The inventiveness shown by the shippers has contributed to a 90 per cent rise in port exports between 1976 and 1986 to the equivalent of more than 100 million bottles per year. Quality also has increased enough to justify a tripling in prices in the same decade. Over three-quarters of all port is now bottled in Oporto, and Oporto bottling will be compulsory to define these names.

In the past 15 years the market has been flooded with "late bottled vintage," "vintage character," "crusted" and other ports supposedly drunk by directors or, indeed, whole boardrooms. The confusion is such that the port shippers and the Portuguese Government have spent the past two years in an as-yet unresolved attempt to define these names.

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The reason is simple. Port is made by adding raw Portuguese brandy to the fermenting wine, thus stopping its fermentation and preserving it. Like any spirits or fortified wine containing raw spirits requires prolonged contact with wood to allow the wood—and the oxygen—seeping through its interfaces—to soften and civilise it.

Vintage port is the finest wine of a given vintage, bottled after just 18 months. It is then declared as years before it is declared as vintage.

But while the wine matures in bottle, the spirit doesn't; moreover, the container is too small for the wine and the spirit to blend properly.

By contrast the brandy in tawny port, which spends its whole life in wood, not only matures but has the time and space to blend with the wine.

At its frequent worst, especially if the wine is drunk immediately the bottle is opened, vintage port is so dominated by the spirit as to be a hangover inducing.

Only at its infrequent best, and then only if the bottle is opened up to 24 hours before you drink it, will the spirit evaporate will you be left with an incomparably rich red wine, but even then it will be extremely sweet.

So do not chase vintage ports—they prices have soared since the Americans moved into what is a very narrow market, and wines like 1985 Taylor (port's

Wine

Too many ports of call

UNTIL RECENTLY port-drinkers were firmly divided between Upstairs, where they drank vintage port, and Downstairs, where cheap ruby port was drunk (often with lemon).

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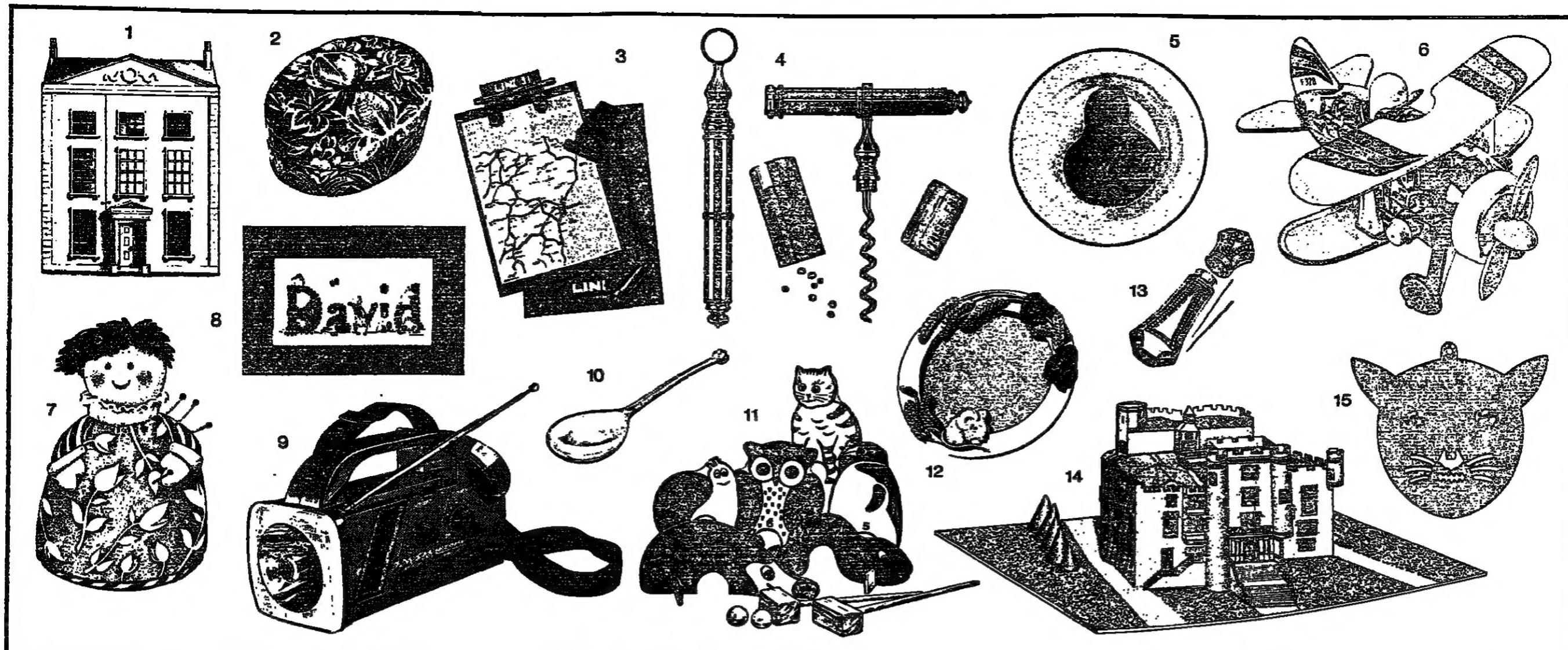
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D I V E R S I O N S



Drawings: James Ferguson

THERE IS still plenty of time to do most of your Christmas shopping without risking the crowds, the tubes or the dreaded change. Here, to help you do it all in comfort, is the second part of our guide to doing all your Christmas shopping by mail, from the comfort of your own armchair.

The National Trust (Enterprises) Ltd, PO Box 161, Melksham, Wiltshire, SN12 5EA. Tel: 0225-705676.

The usual mix of English country house charm personalised. Picture frames, holdalls, aprons, scarves, tote-bags, all bedecked with country motifs, sometimes rampant flowers in full bloom, sometimes more sophisticated autumnal motifs.

Lots of good and sophisticated foods, from interesting mustard to the only truly Dickensian Christmas pudding around.

There are also some good canvaswork kits (in particular, a flower footstool, an equally flowery fashion kit and a richly dark tapestry screen), some especially charming spongeware from Emma Bridgewater and card model kits of grand houses (see No 14 Powis Castle, £4.95).

Past Times, 4 Turl Street, Oxford OX1 3DQ (Tel: 0865 791553).

Nostalgia Incorporated reproductions of Trinket Games and Regency Rummers, copies of Roman betrothal rings and bronze age ear-rings. That all probably sounds worse than it is—much of it is highly desir-

The lazy giver's guide

able still today. I particularly like the selection of Victorian Christmas cards, tree decorations and stickers. There are some other delectably nostalgic items like pure cotton christening robes from Orkney, hand-embroidered pillows trimmed with Nottingham lace, Shetland shawls, reproduction ceramic and brass light pulls and some pretty silver-plated frames, needlecases (no 13, sketched here) for £9.95. Postage and packaging costs £1.15 per item up to a value of £2.95, £2.25 for presents costing between £3.00 and £37.50 and it is free for orders over £37.50.

The Gift Catalogue, Lionhead, PO Box 12, Cranbrook, Kent TN17 4JY. Tel: 0830 246211.

Especially useful for those who want to order for friends and relatives who live abroad as Lionhead will send anything in the catalogue to any country in the world—simply choose, send your order, the money and a card or message. It goes in for a wide choice of presents ranging from trinkets to books, wallets, hamper and cases of wines. Not too much that is really special or long on charm but lots that is eminently useful like this mapholder, complete with cover, pen and map light (no 3 £19.90 in the UK, £25.90 when going abroad).

Oxford, 29 Murdock Road, Bicester, Oxon. Tel: 0885 245011.

Something for everybody here with many of the usual ethnic

contributions (Rajasthan pottery, basketware from Thailand, carved wood from Saharanpur, wall-hangings from Peru). Look out for the charmingly decorated papier-mâché work (like the oval box from Kashmir, £4.95 no 2), for children's wooden animal croquet set (no 11 sketched here) for £9.95. Postage and packaging costs £1.15 per item up to a value of £2.95, £2.25 for presents costing between £3.00 and £37.50 and it is free for orders over £37.50.

The Curious Caterpillar by Post, 162 Brookcroft, Hitchin, Herts. Tel: 0462 4156.

Another good source of the delightful little nonsense that can make or break Christmas for the mini-set. Glowing sucking bugs (24p each), tiny tattoo (12p each), snake water pistol (£65p), inflatable penguins (25p each) and other equally improbable items that will add just the right dotty touch to this year's Christmas stocking.

Tridias, The Ice House, 124 Walcot Street, Bath BA1 5 BG. Tel: 0225-99458.

If you can, try to visit the shops. There's one at 5 Lichfield Terrace, Sheen Road, Richmond, Surrey; another at 6 Bennett Street, Bath, and one

at the Cider Press Centre, Dartington, Devon. There's also The China Doll, 31, Walcot Street, Bath, which sells wonderfully old-fashioned proper dolls (at a price!)

This year's catalogue is smarter than ever—glossy paper, full-colour photographs and the usual winning combination of toys big and small, dotty and fun, educational and serious. If you have a gaggle of children on your present list then Tridias should help you sort them out. There's a pin-cushion doll like the one sketched here (£1.95, no. 7)

which the child can make, and there's a kit for making a doll's house (no 1 £125—it may seem expensive but it is very grand with six rooms opening off central stair-case complete with bannisters), and lots of charming china dolls looking just like proper dolls ought to look.

There's a Brio railway network—yachts to build (miniature-size!), kites to fly. A good source, too, for stocking fillers.

Eximious Ltd, 10 West Hanover Street, Belgravia, London SW1. Tel: 01-267 2888.

Here you can buy everything the properly-dressed country house might require—cachepots and silver photograph

frames, ship's decanters, table-mats featuring photographs of your very own spread (colour negatives required, minimum order six mats), pretty needle-work baskets and the hand-turned wooden Regency bobbin stand for £8.25. Those who are deeply into personal possessions will find a sort of album for their photograph

dolls' house (no 1 £125—it may seem expensive but it is very grand with six rooms opening off central stair-case complete with bannisters), and lots of charming china dolls looking just like proper dolls ought to look.

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Lucia van der Post



Mary Datchelor House, 17 Grove Lane, Camberwell, London, SE5 3RD. Tel: 01-730 5400.

Always the glossiest of the charity catalogues this one has something for almost everybody.

Beautifully packaged French country pâté, a hand-made picnic basket with space for wine-bottles, a good sturdy sporting bag in khaki canvas with leather straps, strong shooting sticks, decoy ducks, this pretty mirror embellished with ears of wheat and a little fieldmouse (£9.50, no. 12).

I also like particularly a wildly kitsch bright yellow and blue flower fan—for just £8.95, it would make quite a mark in the office.

A good present for a teenager would be this multipurpose stool (no. 9)—a

handy for storage, a seat, a

table, a chair, a stool, a

stool, a chair, a stool,

Paul Driver in Japan with the Scottish National Orchestra

A yen for lollipops

IT IS NOT every day that a department store sends an orchestra round the world, but it happened this month. The Mitsukoshi company, Japan's oldest department store (it was apparently established in 1673) and its most illustrious (the main outlet in Tokyo's Nihonbashi district is a veritable consumer's cathedral), has been hosting a British Trade Fair spread across all 18 of its branches throughout the country. Since the company's mandate is not merely to sell things but "to promote international cultural exchanges and raise the cultural standards of Japanese people," it decided to bring a British orchestra over as well and make a musical emblem of healthy trading relationships; the first time, I believe, that Mitsukoshi has indulged in sponsorship on such a scale.

The Scottish National Orchestra with its musical director Neeme Järvi were awarded this accolade. Mitsukoshi paid all travel and accommodation expenses and a fee to the orchestra (total sum £25m), chose the programmes and venues, and staged the concerts in five cities, beginning and ending with Tokyo. The programming, very selected what was available from the orchestra's own repertoire, Scherzennade, Peter and the Wolf, a Dvorak symphony—but primarily a taste for lollipops: thus we got Pomp and Circumstance No 1, The Nutcracker Suite and Glazunov's "Autumn" from The Four Seasons (a TV theme tune) in most of the concerts and not the more

interesting recent recordings by the orchestra, such as Prokofiev's symphonies or rare tone poems by Dvorak and Glazunov. Still more disappointing was the lack of invitation to the orchestra to play either of the two pieces by Toru Takemitsu, Japan's leading composer, which it knows. For substantial musical fare there was only really Saint-Saëns' "Organ" (No 3) and Dvorak's fourth.

The hotels selected for the tour were luxuriant and palatial—modern (in one case, brand-new), skyscraping, womb-like, brilliantly functional, vastly expensive, and almost indistinguishable from each other in the memory. They promptly gave everyone a sense of what it means to be in today's Japan, which is to be comfortably surrounded by absolute efficiency (no problem, it seemed, couldn't be solved by the hotel staff).

But no hotel can be too comfortable for touring orchestral musicians, who must work hard during their stay and endure considerable stress. Thoroughly coaxed, the players could better cope with the incessant packing and unpacking, endless coach rides to concert halls, "bullet" train journeys from city to city, and the general metabolic upheaval of being nine thousand miles from home.

The first day after arrival in Tokyo was a free day—having sorted out the place names in Japanese at Shinagawa station opposite our hotel, we could quite easily get about and see



The SNO brass enjoying some female company on the steps of the Suntory Hall, Tokyo

sights, such as the Meiji Shrine near Shibuya, or the glittering and imposing Asakusa Kannon Temple or the famous shopping street of Ginza. The next day, Sunday, brought the first concert, held in the year-old Suntory Hall, tucked into a high-rise complex in Akasaka.

This event was sold out and sufficiently successful to draw three encores (Malcolm Arnold's *Scottish Dances*), though the real enthusiasm of polite Japanese audiences is not easy to measure. The acoustics of the hall were good, if slightly distancing (like hearing through the wrong end of a telescope), and the playing—brave insofar as the orchestra was still largely suffering from jet-lag—was distinguished in *The Nutcracker Suite* by crisp, vivid wind contributions that still linger in my mind.

Järvi's approach to his (absolutely sterling) orchestra on this as on subsequent occasions was powerfully en-

gaging: he compels them to follow him alertly in interpretations that are unpredictable, spontaneous, sometimes playful, but always persuasively musical. The repeated programme allowed one to observe how excellently unmechanical unfixed Järvi's readings are—*Scherzennade* was never the same piece twice, and we heard it six times. (No amount of subtle alteration will convince me that it is a good piece, however.) The Arnold dances used as encores showed immense and spritive variation from night to night, the players were mischievously tested to their limits, but they clearly know how to play—and want to—for Järvi.

If the next night's concert in Nagoya was disadvantaged by a cramped and acoustically rather garish hall, that in Osaka Symphony Hall, the following night was enhanced by one of the best acoustic spaces I've ever experienced, and the

orchestra gave a memorable account of the Saint-Saëns symphony in it (with Japanese soloist Naoji Matsui). The dance performances of the tour, I think. In Hiroshima, at the Yubin-Chokin Hall, Scherzennade received its most interesting rendering of the week, the outer movements being heard at their most monolithically majestic. In Chigasaki, Dvorak's comparatively infrequently played fourth symphony was given—the one piece chosen not by Mitsukoshi but by Järvi.

Back in Tokyo, the Sunday evening concert, finale of the tour, was freshened by Agnes Chan's sparkling, seductive narration of *Peter and the Wolf* in Japanese: her voice had a treble but unashamed timbre ideal for the piece, and it also revealed a musical beauty hitherto unappreciated by me.

A number of tour-members, as I did, found Hiroshima the

B. A. Young listens in at the Cheltenham Literary Festival

Writers in focus

THE FIRST week of the Festival took its fortunes into the countryside, celebrating Fanny Kemble at Winchcombe, Venice addicts at Lechlhampton, Herbert Tree at Cirencester, the second world war songsters at Bishop's Cleeve.

This week has seen things in full flow in downtown Cheltenham. Appropriately, Margaret Drabble opened with her list of Twentieth Century Classics,

which she discussed with Frank Delaney. Who would ever agree with anyone else's? My own serious objection was leaning out Maugham. He surfaced later that day, when Victoria Glendinning, John Julius Norwich and Frank Delaney debated which three books they would take if, like Maugham in 1941, they had to leave home in a hurry. They went for Middlemarch, Alice and Gibson's Decline and Fall, in whom

knows how many volumes

were touching about writing. They seem on the whole not to enjoy it. Three authors of first novels were as touchy about publishers and agents as about rejections: David Daunton-Dury and Maggie Gee, in their appearance, still find writing a kind of agony, it seems.

There is a proper theatrical element in this year's schedule—take on Lorenz and Bulgakov, each with a one-man performance to follow: Robert Cushman on his beloved lyrics from musicals; and, to my mind a deeply serious matter, a symposium on the value of Soap. This was presented by Liz Rigby, producer of *The Archers*, Julia Smith, producer of *EastEnders*, Laurie Taylor, professor of sociology, with James Pettifer, sometime *Archers* writer, in the chair. Nothing has so far better illustrated the theme of this year's Festival, "Literature and Living".

Living theatre was brought this week by the Medieval Players, who did Chaucer as a puppet play, spoken English dialogue, and John (act Thomas) Heywood in a 16th-century pronunciation I only half believed in. They also sang, played and jugged, too long, I thought, but it was worth waiting to see nine flaming torches thrown about between three men. We had a fine sexist anthology compiled by Anne Harvey to illustrate the relationships of mothers and sons (but not daughters). This was superbly done by Roger Rees and Virginia McKenna. We also have Jack Klaf, who has done his Kafka piece and is now available for advice to would-be writers. Of the poetic suite *Flos Phor* for singer, flute and tapes I cannot write; it is from a world I have never visited.

Humphrey Carpenter "re-considered" Tolkein, whose biography he has written, not to indicate new judgments but to indicate such relevant factors as Tolkein's Army service in the Somme, the absence of any new religious creation that might connect with his Catholicism. Andrew Sinclair placed William Golding in the classical tradition that began with Gilgamesh, an epic that he interestingly compared with Robinson Crusoe. Graham Holderness suggested that Shakespeare himself was becoming a myth, created by and for tourists at the expense of the real man. Monica Dickens talked about herself, which nothing could be nicer, and about the Samaritans, whom she introduced into America and then autographed books for

Chess No. 593

1 Q-R4 ch, K-N1; 2 R-N6 ch (not 2 K-R6? QxR ch); BxR; 3 K-R6, R-Q2; 4 Q-R5 ch! with 5 NxR ch, 6 NxR ch and 7 NxQ (a study by L. Kubbel).

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WEEKEND FT

• SPORT •

Cricket/Teresa McLean

Hot welcome in Pakistan

IT IS HOT in Pakistan just now. Even the rain is hot and comes steaming off the pitch while the players sit and sweat, the crowds wait in a fever of impatience, and English cricket fans huddle round the radio to hear a voice telling them it's raining over there, too. But not for long. Pakistanis don't have the phlegmatic English attitude to the weather and the gods don't torment them the way they tormented us all summer with "rain stops play".

Cricket in England is a sport but cricket in Pakistan is a passion. The World Cup now being played there (and in India) is an international celebration of the glories of Islam, cricket, Pakistan and victory. Such things are too grand to be diluted by anything as prosaic as rain and, sure enough, the competition is off to a scorching start.

The climate of Pakistani cricket has always been dramatic but not always heroically dramatic as it was on Thursday for the England v Pakistan game. The Prime Minister arrived for the last four overs, escorted by a military guard and an infinitely sinister civilian companion in a grey suit, to watch his country's young heroes demolish England who lost their last six wickets in 15 runs. The England v Pakistan cricket might be, that touch of bizarre humour is always hovering in attendance and waiting to adorn the proceedings when least expected. However, Gujranwala and Rawalpindi, where England played their first two matches have not had such a distinguished career as Lahore in this respect. This probably explains why yesterday's game between Pakistan and the West Indies was the only one willing to step in. Lahore, though a concrete monster, the Gaddafi Stadium, is one of the country's proudest prestige symbols. Lahore's reputation for producing cricket oddities is too risky. The city is renowned for idiotic, improbable and unbelievably tedious records.

Three times between 1972 and 1980, first-class matches in Lahore have produced dismissals by that most unusual means, handling the ball. Three times between 1984 and 1974—the only three times in first-class cricket history—batsmen at Lahore were out for obstructing the field. It goes without saying that the slowest

There was Abdul Qadir being

stung by a wasp, but that could have happened to anyone; and if it affected him at all, it seemed to be for the better. The English batsmen were the ones who played as if they had insects in their underwear.

To English eyes, a more extraordinary sight was the pandemonium that broke out when Wasim Akram went to field in front of the Ladies' Stand. It is bad enough being confined to female barracks to watch the match, however, but the beautiful and virile barracks. But its inmates turned it into a women's magazine absurdity when they broke into hysterical applause between overs at the mere sight of him. (His only unmarried equivalent in the English side is Derek Pringle whose presence in front of the Ladies' Stand would, I'm afraid, have forced it to focus its appetite for drama on something else, such as bullock carts.)

However, cricket, Pakistani cricket might be, that touch of bizarre humour is always hovering in attendance and waiting to adorn the proceedings when least expected. However, Gujranwala and Rawalpindi, where England played their first two matches have not had such a distinguished career as Lahore in this respect. This probably explains why yesterday's game between Pakistan and the West Indies was the only one willing to step in. Lahore, though a concrete monster, the Gaddafi Stadium, is one of the country's proudest prestige symbols. Lahore's reputation for producing cricket oddities is too risky. The city is renowned for idiotic, improbable and unbelievably tedious records.

In the end, nothing in cricket can be explained logically because, think heaven, it is not a logical game. But the Pakistani propensity for the peculiar and unexpected does make a little more sense if you try to take an intuitive look at the country.

Pakistan was playing cricket before it came into existence



Pakistan's Salim Malik and a team-mate show their joy at beating England in the World Cup

in 1947 as a nation separate from India; and its cricketing inheritance is an unlikely mixture of nationalism, Indian and the ghosts of old English eccentricities. Take the city of Lahore. Sir John Lawrence, Governor-General of the Punjab, laid the foundation stone of Lahore's railway station in 1856. He then built up into a vast and fortress-like establishment with an enormous spread of outbuildings, workshops and factories and a settlement for railway employees complete with theatre, billiards room, an old Moslem tomb converted into a missionary church and a cricket ground.

Like all the old imperial cities Lahore is a nostalgic place, with the monuments of its British past decaying slowly amid a press of new buildings and new industries and new mosques. Street-sellers show brown and white photos of old cricket teams with blazers and moustaches while wide roads, lined by avenues of trees, have

Victorian offices and banks with the fabric crumbling and the staff playing cricket out at the back. Perhaps it is something to do with the British legacy (however unpopular it might be nowadays) that inspires Pakistanis to cricket every now and again.

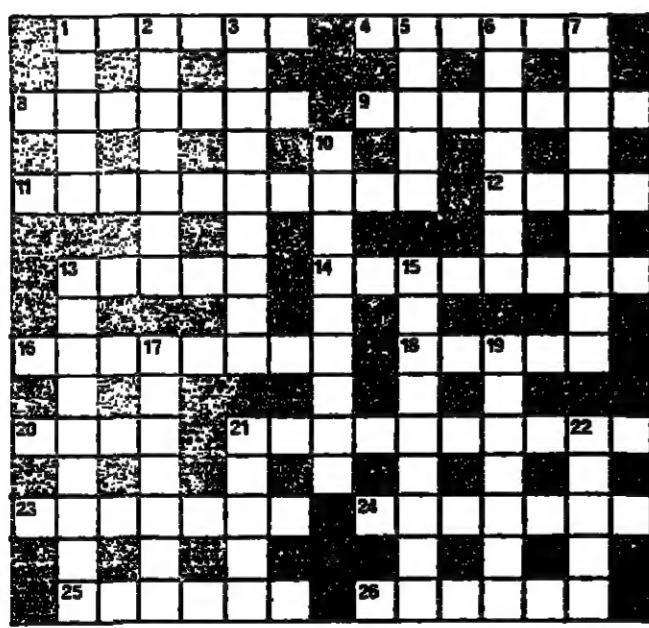
In 1954-55 season, Miran Bux aged 47 became the second oldest man in recorded history to make a Test debut, playing for Pakistan against India at Lahore. Two weeks later he became one of the oldest players ever to leave Test cricket, playing for Pakistan against India at Peshawar nine weeks short of his 48th birthday. A brief, daff career with a wistful appeal suited perfectly to Pakistan and especially to Lahore. Whether the present World Cup will achieve such heights of pathos is doubtful—it is asking a lot. With luck, though, Pakistani cricket often gives a lot when you least expect it.

John Newcombe takes an active interest in these activities and last great imetus to the scheme.

During the past two weeks, at the Grand Prix tournaments in Brisbane and Sydney, I have been impressed greatly by the quality of some of these young

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GRIFFIN



ACROSS

- Shame about the old City of Liverpool (6)
- Awful rotter gives sharp reply (6)
- Some silly girl enters, furiously (7)
- Delia involved Messrs French in predicament (7)
- Newcomer in marquee rings Fred back (10)
- Police gets cold before performing (5)
- Start touching sweetheart in street (5)
- Dog leash may tang (5)
- Stop Ravel moving round perfume (8)
- Wretched word of apology (5)
- Police must operate on the Prisoner's cell (5)
- Arranging help, I sit in for a snug boor (10)
- Man in car getting stiff (7)
- Shout when girl enters factory (7)
- Senior director started in steel production (6)
- Couple put first aid key in that new box (6)
- DOWN
- Lady Swan takes church money (5)
- Revolutionary rambling rose covering screen (7)
- Bore informed about a tree that's crooked (9)
- Five out of six, etc., stupidly (5)
- Observe it's freely admitted to be conceitulce (7)
- Provisional bazaars one dropped in to test (9)
- Compel to study tax (9)
- Grenada cocktail found in Old English drink (9)
- One attacking fool has trouble with six-footer (9)
- Dear me, cook, that's about a pound a stone! (7)

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8.35 am Saturday Stars: Home 5.40 Cheltenham.
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10.30 Discovering Pompeii.
11.30 World Championship Snooker: Mike Tyson v Terry Higgins. 2.20 Comedy Club.
12.15 Grandstand, including Liverpool Victoria Insurance Super-bowl: bowling, 4.45 Results Service.
12.15 Golf (the Suntory World Matchplay Championships); 1.00 News Summary.
1.00 Sports Special: The Day (England v Sri Lanka in Pakistan); 2.00 A Team; 2.45 Rallying from San Remo; 3.00 Cycling (Alain International Classic); 3.30 Formula 1 (US Grand Prix); 4.00 Open Championships); 4.40 Final Score.
5.00 National Programmes.
5.30 Regional Programmes.
5.45 BBC 1: The Big Picture.
6.00 My Family and Other Animals.
6.35 Bob's Full House. 7.35 The Russ Abbott Show. 8.05 Casualty. 8.30 News and Sport. 8.45 The Day Zone" (Martin Sheen and Christopher Walken star). 10.50 Sports Special.
BBC2
8.30 am Coping. 10.00 What's On.
9.00 am Scotland. 10.00 What's On.
10.30 Saturday Stars: Home 5.40 Cheltenham.
11.30 BBC Group British Super Car Championships.
12.15 Pottery Ladies.
1.00 Karate Plus Ten starring Jack Palance. 2.30 The Weather Channel.
2.45 Newcastle and Kempton Park. 3.00 Bowls.
3.15 Cricket (Highlights of England v Sri Lanka). 3.30 Newsweek. 7.35 The First Course. 8.05 Dance from America. 10.00 The Weather Channel Company. 9.10 Fortune of War. 10.00 The Film Club. 10.30 Film: "Garde à Vue" (French with English subtitles). 11.30-12.15 "Quoi des Orivres" (French Film: "Qui des Orivres" (French with English subtitles)).
LONDON
8.00 am Coping. 10.00 What's On. The Papers Say. 10.15 Years Ahead. 11.00 Saturday TV-am Breakfast Programmes.

SUNDAY

Indicates programme in black and white

BBC1
8.35 am Play School. 9.15 Articles of Faith. 9.30 This Is The Day. 10.00 Saturday Stars: Home 5.40 Cheltenham.
11.30 Discovering Pompeii.
12.15 Grandstand, including Liverpool Victoria Insurance Super-bowl: bowling, 4.45 Results Service.
12.15 Golf (the Suntory World Matchplay Championships); 1.00 News Summary.
1.00 Sports Special: The Day (England v Sri Lanka in Pakistan); 2.00 A Team; 2.45 Rallying from San Remo; 3.00 Cycling (Alain International Classic); 3.30 Formula 1 (US Grand Prix); 4.00 Open Championships); 4.40 Final Score.
5.00 National Programmes.
5.30 Regional Programmes.
5.45 BBC 1: The Big Picture.
6.00 My Family and Other Animals.
6.35 Bob's Full House. 7.35 The Russ Abbott Show. 8.05 Casualty. 8.30 News and Sport. 8.45 The Day Zone" (Martin Sheen and Christopher Walken star). 10.50 Sports Special.
BBC2
8.30 am Coping. 10.00 What's On.
9.00 am Scotland. 10.00 What's On.
10.30 Saturday Stars: Home 5.40 Cheltenham.
11.30 BBC Group British Super Car Championships.
12.15 Pottery Ladies.
1.00 Karate Plus Ten starring Jack Palance. 2.30 The Weather Channel.
2.45 Newcastle and Kempton Park. 3.00 Bowls.
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LONDON
8.00 am Now on Two. 9.40 Whirlybirds. 9.55 Odysseys: "The Hosts of the Earth" (1986). 10.20 The Charlie Brown Show. 10.30 Snowy Owl. 10.45 It's You. 10.45 Blue Peter. 11.00 Blah Blah Blah. 11.35 The First Raiser. 12.00 Winnsome. 1.00 Saturday Almost Live. 12.00 BBC Wales Major League Play-Offs. 1.00 News. 1.40 Songs of Praise. 7.15 This Week. 8.15 Sheesh (British television program). 8.30 A Night of Remembrance. 8.35 Fortune of War. 10.05 News. 10.20 Everyman. 11.05 Home. 11.30 To My Daughter. 12.00 The Sky At Night. 12.00 Network East.

1.30 pm Chez-vous. 1.30 Enterprise South. 4.30 Bullseye. 5.00 Knights of God.

ANGRIA
1.30 pm Speedy and Daffy. 1.45 Link. 2.00 Farming Outback. 1.30 Border News. 2.30 Saturday Stars: Home 5.40 Cheltenham.

GRAMPIAN
1.30 pm Speedy and Daffy. 1.45 Link. 2.00 Farming Outback. 1.30 Border News. 2.30 Saturday Stars: Home 5.40 Cheltenham.

SCOTLAND
1.30 pm Saturday Stars: Home 5.40 Cheltenham.

CHANNEL 4
1.30 pm The Weather Channel. 2.00 The Weather Channel. 2.30 Saturday Stars: Home 5.40 Cheltenham.

TELEVISION AND RADIO

GRANADA

11.30 am Saturday Matinee. 2.20 Sunday Matinee. 3.00 Movie Water Matthew on Charlie Varnell. 2.30 America's Top 10.

YORKSHIRE
11.30 am Knight Rider. 12.00 A.L.F. 12.30 pm America's Top 10.

SCOTTISH
11.30 am America's Top Ten. 11.45 Saturday Matinee. 12.00 The Golden Girls. 11.00 Saturday Almost Live. 12.00 Superbowl. 1.00 East Of Elephant Rock" starring John Hurt.

ANGRIA
11.30 am Regions as London except at 11.30 am Knight Rider. 12.30 pm A.L.F.

CHANNEL 4
11.30 am The Greatest American Story. 12.30 pm The Sun Never Sets. 1.00 Michael Jackson. 1.30 Star Search. 1.45 The Clayton. 1.00 Ken Dodd's Palace of Laughter. 1.30 Sports on 2 including Football. 2.00 Saturday Matinee. 2.30 America's Top 10.

YORKSHIRE
11.30 am Professor Popperlong's Zoo. 12.30 pm Saturday Matinee. 1.00 Concert of Heroes (First of five documentaries telling the story of the Boer War in the words of the Boer War veterans). 1.30 The Golden Girls. 1.45 Concert of Heroes. 2.00 Saturday Matinee. 2.30 Concert of Heroes.

STereo on VHF
BBC RADIO 2

8.05 am David Jacobs. 8.30 Sounds of the Year with Lulu. 10.00 Michael Parkinson. 11.00 The Weather Channel. 12.00 The Saturday Matinee. 1.00 Ken Dodd's Palace of Laughter. 1.30 Sports on 2 including Football. 2.00 Saturday Matinee. 2.30 America's Top 10.

SCOTTISH
8.05 am America's Top Ten. 11.00 Saturday Matinee. 12.00 The Golden Girls. 11.00 Saturday Almost Live. 12.00 Superbowl. 1.00 East of Elephant Rock" starring John Hurt.

ANGRIA
8.05 am Regions as London except at 11.30 am Knight Rider. 12.30 pm A.L.F.

CHANNEL 4
11.30 am Open University. 12.30 pm The Weather Channel. 1.00 Concert of Heroes (First of five documentaries telling the story of the Boer War in the words of the Boer War veterans). 1.30 The Golden Girls. 1.45 Concert of Heroes. 2.00 Saturday Matinee. 2.30 Concert of Heroes.

YORKSHIRE
11.30 am Professor Popperlong's Zoo. 12.30 pm Saturday Matinee. 1.00 Concert of Heroes (First of five documentaries telling the story of the Boer War in the words of the Boer War veterans). 1.30 The Golden Girls. 1.45 Concert of Heroes. 2.00 Saturday Matinee. 2.30 Concert of Heroes.

STereo on VHF
BBC RADIO 3

8.05 am Open University. 12.30 pm The Weather Channel. 1.00 Concert of Heroes (First of five documentaries telling the story of the Boer War in the words of the Boer War veterans). 1.30 The Golden Girls. 1.45 Concert of Heroes. 2.00 Saturday Matinee. 2.30 Concert of Heroes.

SCOTISH
8.05 am America's Top Ten. 11.00 Saturday Matinee. 12.00 The Golden Girls. 11.00 Saturday Almost Live. 12.00 Superbowl. 1.00 East of Elephant Rock" starring John Hurt.

ANGRIA
8.05 am Regions as London except at 11.30 am Knight Rider. 12.30 pm A.L.F.

CHANNEL 4
11.30 am Open University. 12.30 pm The Weather Channel. 1.00 Concert of Heroes (First of five documentaries telling the story of the Boer War in the words of the Boer War veterans). 1.30 The Golden Girls. 1.45 Concert of Heroes. 2.00 Saturday Matinee. 2.30 Concert of Heroes.

YORKSHIRE
11.30 am Professor Popperlong's Zoo. 12.30 pm Saturday Matinee. 1.00 Concert of Heroes (First of five documentaries telling the story of the Boer War in the words of the Boer War veterans). 1.30 The Golden Girls. 1.45 Concert of Heroes. 2.00 Saturday Matinee. 2.30 Concert of Heroes.

STereo on VHF
BBC RADIO 4